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# Daily Report

# East Asia

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# Daily Report
## East Asia

*FBIS-EAS-95-198* CONTENTS *13 October 1995*

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## NORTHEAST ASIA

### Japan

Murayama Determined To Break ‘Impasse’ on Bases *[KYODO]* 1
Governors Reiterate Call for SOFA Review *[KYODO]* 1
Shapiro Calls on Tokyo To Fulfill Agreements *[KYODO]* 2
Japan Proposes Multilateral Forum To Settle Dispute *[KYODO]* 2
  MITI Proposes OECD Working Group *[MAINICHI SHIMBUN 12 Oct]* 2
JAL Asks U.S. To Extend License on Route *[KYODO]* 2
Murayama Regrets Reaction to Annexation Remarks *[KYODO]* 2
  ‘Indirectly’ Acknowledges Claim *[KYODO]* 3
Foreign Minister on Possible Li Teng-hui Visit *[KYODO]* 3
  Editorial Views ‘Cowardly’ Diplomacy *[SANKEI SHIMBUN 6 Oct]* 4
Freeze on Grant Aid to Beijing To Continue *[KYODO]* 4
Russian House Blocks Sakhalin Oil Bill *[KYODO]* 4
Businesses Prepare To Enter Burma *[KYODO]* 5
Editorial Views G-7 Finance Ministers’ Talks *[ASAHI SHIMBUN 9 Oct]* 6
Takemura Defends Handling of Daiwa Bank Case *[KYODO]* 7
Ministry To Order Daiwa To Correct Practices *[KYODO]* 7
Noguchi’s Economic Structure Theory Questioned *[SHOKUN Aug]* 8
Bank Managers, Section Chiefs Authority Viewed 15
  Article on Degrees of Authority *[KINYU ZAISEI JIJO 10 Jul]* 15
  Bank Branch Manager Role Viewed *[KINYU ZAISEI JIJO 10 Jul]* 17
Editorial Urges Stepping Up Financial Reforms *[NIHON KEIZAI SHIMBUN 9 Oct]* 19
NTT Rebuts Breakup Plan, Proposes Deregulation *[KYODO]* 19
Keidanren Seeks Comprehensive Tax Reform *[KYODO]* 20
Business Leader Calls for Y10 Trillion Tax Cut *[KYODO]* 20
Standardization of Computers, Electronics Viewed *[EKONOMISUTO 12 Sep]* 21
Official Says Northern Isles Bids ‘Undesirable’ *[YOMIURI SHIMBUN 10 Oct]* 23
‘Zoku’ Politics Update Reported *[KANKAI Aug]* 23
Coalition Agrees To Dismantle Cap on Party Subsidies *[KYODO]* 28
‘Supraparty’ Group Opens Tokyo Office *[KYODO]* 28
Panel Calls For Review of Public Works Spending *[KYODO]* 29

### North Korea

U.S. Urged To Provide LWR Infrastructure *[KCNA]* 29
Delegation Leaves for Reactor Talks in New York *[Pyongyang Radio]* 30
Joint ROK-U.S. Military Exercise Viewed *[KCNA]* 30
Daily Criticizes South’s ‘Suppression of Students’ *[KCNA]* 30
Daily Views South’s ‘Fascist Gangsters’ *[KCNA]* 31
Group Urges South To Punish Kwangju ‘Culprits’ *[KCNA]* 31
Dialogue Criticizes South Minister’s Remarks *[Pyongyang Radio]* 31
Yi Chong-ok Meets Art Troupe of Korean Youth *[KCNA]* 33
Chongnyon Delegations Pay Homage to Kim Il-song *[KCNA]* 33
Chongnyon Affiliates Vow To Uphold Decisions *[KCNA]* 33

Overseas Korean Art Group Performs in Pyongyang *[KCNA]* .................... 33
PRC, Mali Groups Visit Korean Embassies *[KCNA]* .................... 34
Zhirinovskiy, Russian Communists Interviewed *[KCNA]* .................... 34
Russian, PRC Envoys Lay Flowers at Statue *[KCNA]* .................... 34
Banquet Marking Anniversary Held in Moscow *[Pyongyang Radio]* .................... 34
Syrian Charge Hosts Party Marking Founding *[KCNA]* .................... 35
Basket Sent to Korean Embassy in Yemen *[KCNA]* .................... 35
Jordanian Communist Party Sends Floral Basket *[KCNA]* .................... 35
Kim Chong-il Receives Messages From Iran, Libya *[KCNA]* .................... 36
Vice President Leaves for Conference in Colombia *[KCNA]* .................... 36
Kim Chong-il Meets, Poses for Photos *[KCNA]* .................... 36
Kim Chong-il Photographed With Relay Groups *[Pyongyang Radio]* .................... 36
Kim Chong-il Meets, Poses for Photos With Groups *[KCNA]* .................... 37
Kim Chong-il Meets Chongnyon Group *[KCNA]* .................... 37
Kim Chong-il Meets Delegates to Anniversary *[Pyongyang Radio]* .................... 37
Kim Chong-il Photographed With Chongnyon Figures *[Pyongyang Radio]* .................... 38
Kim Chong-il Attends Highway Opening *[KCNA]* .................... 38
Correction to Kim Chong-il Attending Parade *[Pyongyang Radio]* .................... 38
Greetings Sent to Kim Chong-il From Abroad *[KCNA]* .................... 39
Kim Chong-il Sends Gift to Publishing House Advisor *[KCNA]* .................... 40
Daily Stresses People's Role of Loyalty *[KCNA]* .................... 40
Monument Completed Before 50th Anniversary *[KCNA]* .................... 41
Youth Congress Shows Solidarity for Reunification *[KCNA]* .................... 42
WPK Anniversary Commemorative Stamps Issued *[KCNA]* .................... 42
WPK's History, Kim Chong-il's 'Feats' Viewed *[KCNA]* .................... 42
Achievements Gained in 'Three Revolutions' Noted *[KCNA]* .................... 43
Daily Urges 'Reunification Through Confederacy' *[KCNA]* .................... 44
Construction Projects Completed on Anniversary *[KCNA]* .................... 44

## South Korea

U.S. Said To 'Obstruct' Mobile Phone Growth *[CHOSON ILBO 11 Oct]* .................... 45
Customs Seeks U.S. Goods Clear Clearance *[YONHAP]* .................... 45
Results of ROK-U.S. Financial Talks Viewed *[THE KOREA TIMES 13 Oct]* .................... 45
U.S. Promises To Continue Granting MFN *[THE KOREA TIMES 13 Oct]* .................... 46
YONHAP Previews Joint ROK-U.S. Exercise .................... 46
U.S. To Ship Convoys to Guam for 'Emergency' *[CHUNGANG ILBO 13 Oct]* .................... 47
Trial of Indicted U.S. Servicemen Viewed *[THE KOREA TIMES 13 Oct]* .................... 47
Foreign Minister on Japan, North, U.S. Ties *[YONHAP]* .................... 47
Kim Yong-sam To Visit Canada, UN *[YONHAP]* .................... 48
North Defector Holds News Conference *[YONHAP]* .................... 49
Profile on Defecting North Officer *[YONHAP]* .................... 50
Kim Yong-chun Becomes New North Chief of Staff *[YONHAP]* .................... 50
Official Notes Conditions for North Contacts *[YONHAP]* .................... 50
Daily Views Increasing North Military Influence *[CHOSON ILBO 12 Oct]* .................... 51
North Proposes List of Exports to South *[HANGUK ILBO 12 Oct]* .................... 51
Lawmaker: North Proposed Joint Reactor Project *[YONHAP]* .................... 52
North Gold Bars Worth $262 Million *[HANGUK ILBO 12 Oct]* .................... 52
Japanese Premier Admits Annexation Treaty Unfair *[YONHAP]* .................... 52
Government Agrees To Hold Military Equipment Talks *[THE KOREA HERALD 13 Oct]* .................... 53
Paper's President, Ding Guangen on Mutual Ties *[SEOUL SINMUN 13 Oct]* .................... 53
Aircraft Project With PRC 'Stuck in the Mud' *[THE KOREA TIMES 12 Oct]* .................... 53

DLP To Nominate Presidential Candidate *[YONHAP]* ..... 54

## SOUTHEAST ASIA

### Brunei, Malaysia & Singapore

### Singapore

Goh Chok Tong Leaves for UN Meeting *[Singapore Radio]* ..... 55
Indonesia's Alatas Views S. China Sea Projects *[THE STRAITS TIMES 11 Oct]* ..... 55

### Cambodia

King Opposes Ranariddh on Death Penalty *[REAKSMEI KAMPUCHEA 13 Oct]* ..... 56
Route 4 Not Fully Protected by Government Troops *[REAKSMEI KAMPUCHEA 13 Oct]* ..... 56
Rebels Criticize U.S. Vietnam Policy *[Radio PGNUNS]* ..... 56

### Indonesia

Article Views U.S. 'Hegemony' in East Asia *[MERDEKA 10 Oct]* ..... 57

### Laos

Border Accord Signed With PRC, Burma *[KPL]* ..... 58

### Philippines

Manila To Support Libya for UN Security Council *[Quezon City Radio]* ..... 58

### Thailand

Prime Minister To Meet Clinton at APEC Meet *[BANGKOK POST 13 Oct]* ..... 59
Editorial Views Ban on Australian Journalists *[THE NATION 13 Oct]* ..... 59

### Vietnam

Commentary Hails Le Duc Anh Latin America Tour *[Hanoi International]* ..... 60

# Japan

## Murayama Determined To Break 'Impasse' on Bases

*OW1310024395 Tokyo KYODO in English 0223 GMT 13 Oct 95*

[FBIS Transcribed Text] Tokyo, Oct. 13 KYODO — Prime Minister Tomiichi Murayama expressed his determination Friday [13 October] to break an impasse over the compulsory leasing of land to U.S. Armed Forces stationed in Okinawa, government officials said.

While understanding the feelings of people in Okinawa Prefecture, Murayama told the cabinet in an informal meeting, "the cabinet will throw its full energy into resolving this issue."

Murayama plans to send Defense Agency chief Seishiro Eto to the southwestern Japanese island later this month to seek Okinawa Gov. Masahide Ota's cooperation in the expropriation of land for U.S. military bases.

Ota has refused to cooperate with the central government in forcing local landowners to continue leasing land to U.S. forces following the alleged rape Sept. 4 of a 12-year-old schoolgirl, for which three U.S. servicemen have been indicted.

The four cabinet ministers involved — Eto, Foreign Minister Yohei Kono, Masaaki Takagi, head of the Okinawa Development Agency, and Chief Cabinet Secretary Koken Nosaka — will meet later Friday to discuss the timing of Eto's Okinawa visit, officials said.

## Governors Reiterate Call for SOFA Review

*OW1310041495 Tokyo KYODO in English 0255 GMT 13 Oct 95*

[FBIS Transcribed Text] Tokyo, Oct. 13 KYODO — The governors of 14 prefectures with U.S. Military bases adopted a statement Friday [13 October] urging Tokyo and Washington to review a bilateral agreement that grants certain privileges to U.S. Military personnel stationed in Japan.

The special meeting in Tokyo was called by Okinawa Gov. Masahide Ota amid a public outcry over the rape of a 12-year-old schoolgirl allegedly by three U.S. Servicemen early last month.

Ota, however, who has made headlines for refusing to sign documents extending the forced lease of privately owned plots of land for use by the U.S. military, was not present at the meeting due to a busy schedule. He was represented by Okinawa Vice Gov. Mitsuko Tomon.

The governors particularly want the revision of a provision in the Status of Forces Agreement that stipulates that U.S. military personnel suspected of crimes must only be handed over to Japanese authorities if they have been formally indicted by Japanese prosecutors.

Noting that such special treatment of U.S. military suspects has caused a "feeling of distrust" among Japanese residents, the governors demanded that "the two governments take appropriate steps for a review (of that practice)."

They also urged "comprehensive measures" to enforce discipline and order among U.S. forces to prevent a recurrence of incidents like the rape.

They said the incident "has dealt a major blow to the residents of municipalities where U.S. bases are located and leads to immeasurable insecurity among the Japanese people."

Amid mounting calls for a reduction of the U.S. military presence in the wake of the rape incident, Japan and the United States last month established a joint study group to improve the implementation of criminal jurisdiction procedures under the status of forces agreement.

About 75 percent of U.S. military bases and facilities and two thirds of the 47,000 U.S. troops stationed across Japan are concentrated in Okinawa, Japan's southernmost prefecture.

After the meeting, the governors delivered their statement to the U.S. Embassy in Tokyo and made the same requests to Prime Minister Tomiichi Murayama's government.

U.S. diplomats told the governors the two countries are currently negotiating ways to avoid a repeat of crimes committed by U.S. military personnel, officials said, adding the diplomats also emphasized the importance of the bilateral security relationship.

Saitama Gov. Hiroshi Okazaki, who chairs the governors' group, said at a news conference that simple improvements in the agreement's implementation are not enough.

"We want the governments to come up with an acceptable response concerning the handling of the detention of suspects," Okazaki said. "We also want them to look at an amendment of the agreement's Article 17 (which allows U.S. forces to keep suspects in U.S. custody until they are formally indicted by Japanese authorities) when they study the matter."

Okinawa's Tomon hailed the meeting's outcome, saying, "it's the first time that the governors' liaison conference has issued demands concerning a concrete case, and I think that's progress."

### Shapiro Calls on Tokyo To Fulfill Agreements

*OW1210231795 Tokyo KYODO in English 0403 GMT 12 Oct 95*

[FBIS Transcribed Text] Tokyo, Oct. 12 KYODO — A senior U.S. trade official called on Japan on Thursday [12 October] to fulfill its trade agreements with the United States.

The U.S. will wait and see whether Japan puts into effect the bilateral economic agreements reached so far, Ira Shapiro, senior counsel and negotiator of the office of the U.S. Trade Representative, said in a meeting with Liberal Democratic Party Secretary General Koichi Kato.

They agreed that Japan and the U.S. should continue talks over some specific trade issues to prevent them from developing into major political disputes, Kato told reporters.

Kato told Shapiro that the government's stimulus package will start having positive effects on the economy in the spring, adding a further upswing of the dollar against the yen is desirable.

Shapiro responded by saying the current dollar-yen exchange rate is at a favorable level.

Shapiro has been in Tokyo from Monday to exchange views with Japanese officials on the dispute between Eastman Kodak Co. of the U.S. And Japan's Fuji Photo Film Co., and other bilateral trade problems.

### Japan Proposes Multilateral Forum To Settle Dispute

*OW1110143295 Tokyo KYODO in English 1410 GMT 11 Oct 95*

[FBIS Transcribed Text] Tokyo, Oct. 11 KYODO — The dispute over Japan's allegedly closed photo film market should be settled through multilateral negotiations, a senior trade official said Wednesday [11 October].

The official, who declined to be named, said he repeated Japan's stance on the problem in a meeting with Ira Shapiro, general counsel of the office of the U.S. Trade Representative (USTR).

The official said he told Shapiro that the issue is related to the implementation of the antimonopoly law, which is taken care of by the Fair Trade Commission.

The problem between trade and competitive policies, including the implementation of the antimonopoly law, is being discussed at a working group of the Organization for Economic Cooperation and Development, he said in the meeting.

In response, Shapiro said only that he will study Japan's stance after returning home, according to the official.

The USTR has launched an investigation into the Japanese film market in line with a complaint filed by major U.S. photo film maker Eastman Kodak that its entry into the market is barred by unfair trade practices by Fuji Photo Film Co.

### MITI Proposes OECD Working Group

*OW1310010295 Tokyo MAINICHI SHIMBUN in Japanese 12 Oct 95 Morning Edition p 11*

[FBIS Translated Text] Ira Shapiro, visiting general counsel of the Office of the U.S. Trade Representative (USTR), met with Yoshihiro Sakamoto, deputy vice minister of international trade and industry, on 11 October to discuss the Japan-U.S. dispute over the Japanese photo film market.

In the meeting, Japanese trade officials proposed discussing the film issue at a working group of the OECD Economic Council, discussing it as a case study on trade and competition policies. However, Shapiro reportedly gave no immediate answer to the Japanese proposal, noting: "I should take the proposal home for study."

Germany and France support Japan's proposal for the OECD study, a Japanese trade official said.

### JAL Asks U.S. To Extend License on Route

*OW1210134495 Tokyo KYODO in English 1335 GMT 12 Oct 95*

[FBIS Transcribed Text] Tokyo, Oct. 12 KYODO — Japan Airlines (JAL) has asked the U.S. Transportation Department to extend the license on its Sendai-Honolulu route and allow it to operate more flights, JAL officials said Thursday [12 October].

JAL filed the written request after United Airlines (UA) of the United States had urged the department not to approve JAL's request to extend the license, which expires next Monday.

UA applied for Japan's approval for a plan to extend its Los Angeles-Kansai International Airport route to Seoul on "beyond rights." But the Japanese Transport Ministry has refused to accept it, saying the beyond rights unfairly benefit U.S. carriers.

### Murayama Regrets Reaction to Annexation Remarks

*OW1210140695 Tokyo KYODO in English 1344 GMT 12 Oct 95*

[FBIS Transcribed Text] Tokyo, Oct. 12 KYODO — Prime Minister Tomiichi Murayama on Thursday [12

October] expressed regret that his remarks about Japan's 1910 annexation of the Korean peninsula have caused a stir in South Korea.

Murayama told reporters in the Diet that nothing had changed his resolve to develop future-oriented, friendly relations between Japan and South Korea.

In a Diet session Oct. 5, Murayama said the Korea-Japan annexation treaty sanctioning Japanese colonial rule of Korea, which lasted until 1945, had been concluded in a "legally valid way."

In a related development, the head of a private fund to compensate women forced into sexual slavery for Japanese soldiers during World War II visited Chief Cabinet Secretary Koken Nosaka and called for a "breakthrough" in the situation.

Bunbei Hara said efforts were necessary to resolve the annexation controvery so that letters from Murayama apologizing to the women, which will be delivered with compensation funds, "can touch the hearts of the victims" of Japanese sexual enslavement.

South Korean Foreign Minister Kong No-myong, opposition leader Kim Tae-chung and South Korean lawmakers protested against the remarks, saying the treaty was imposed forcibly on the Korean people.

### 'Indirectly' Acknowledges Claim

*OW1310032895 Tokyo KYODO in English*
*0309 GMT 13 Oct 95*

[FBIS Transcribed Text] Tokyo, Oct. 13 KYODO — Prime Minister Tomiichi Murayama on Friday [13 October] indirectly acknowledged the Korean claim that the treaty that sealed Japan's annexation of the Korean peninsula in 1910 was concluded under duress.

"We can't help but recognize that formally it was a treaty, but I don't think that both sides were on an equal footing at the time of its conclusion," Murayama told the House of Representatives Budget Committee.

Murayama had drawn fire from North and South Korea after telling the Diet on Oct. 5 that the Korea-Japan Annexation Treaty had been concluded in a "legally valid" way, restating Tokyo's long-held position.

The treaty sanctioned Japanese colonial rule of Korea, which ended with Japan's surrender in World War II in 1945.

South Korean Foreign Minister Kong No-myong, opposition leader Kim Tae-chung and South Korean lawmakers protested against the remarks, saying the treaty was imposed forcibly on the Korean people and was thus invalid.

### Foreign Minister on Possible Li Teng-hui Visit

*OW1310093695 Tokyo KYODO in English*
*0844 GMT 13 Oct 95*

[FBIS Transcribed Text] Tokyo, Oct. 13 KYODO — Foreign Minister Yohei Kono said Friday [13 October] Japan would find it "extremely difficult" to allow a visit by Taiwan President Li Teng-hui even if it was a strictly private one.

"Considering Taiwan's political stand it would be extremely difficult for us to approve a visit to Japan (by Li)," Kono said at a session of the House of Representatives Budget Committee.

Beijing considers Taiwan a rebel-held province and opposes all moves that could improve the Taiwan rulers' political standing.

Kono made the remark in response to Moto Abe from the major opposition Shinshinto (New Frontier Party) who had asked whether Li would be able to participate in an alumni meeting at his Japanese alma mater Kyoto University.

A number of Shinshinto politicians such as powerbroker Ichiro Ozawa, as well as some legislators from the ruling coalition member Liberal Democratic Party, are advocating closer political ties with the island.

In June Li made a private visit to the United States to receive an honorary degree at Cornell University in upstate New York despite protests from China.

The visit severely strained relations between Taiwan and China as well as between China and the U.S.

Kono's comment immediately drew fire from Taiwan's top representative in Japan.

"Why is Li not even allowed to pay his respects to his university teachers?" Lin Chin-ching queried at a news conference after a meeting of senior officials from the member economies of the Asia- Pacific Economic Cooperation (APEC) forum in Tokyo.

"Trust in our bilateral relationship has been worn down to a thin thread," he said.

Lin also reiterated Taiwan's frustration with Tokyo's refusal to allow Li to attend an informal summit of APEC, of which Taiwan is a member, to be held in Osaka in mid-November.

Tokyo has said it will stick to the precedent of the two previous APEC summits in the U.S. city of Seattle and the Indonesian city of Bogor, neither of which Li was invited to.

"These two precedents were bad ones. Why does a civilized, law- governed country like Japan have to follow such precedents?" Lin asked. "At the current point of time President Li just wants to personally attend (the APEC meet). There is no other intention behind."

### Editorial Views 'Cowardly' Diplomacy

*OW1110135595 Tokyo SANKEI SHIMBUN in Japanese 6 Oct 95 Morning Edition p 2*

[Editorial: "Cowardly Handling of the Issue of Taiwan President Li's Visit to Japan"]

[FBIS Translated Text] Deplorably, Japan lacks ambitious diplomacy. It only has diplomatic skills to avoid difficult problems. This was the impression or disappointment we had when we heard Prime Minister Tomiichi Murayama's answer to a Diet question concerning the issue of whether or not to invite Taiwan President Li Teng-hui to the Asia-Pacific Economic Cooperation (APEC) forum.

The prime minister said, "Japan will follow the precedence of the 1993 meeting in Seattle and the 1994 meeting in Bogor (Indonesia)." In this way, he chose the easy course of following the bad precedence of the two previous meetings, to which Li was not invited. However, as a nation that has particularly close relations with China and Taiwan, is it appropriate for Japan to do so?

When President Li made a historical trip to the United States in June, he visited Cornell University, his alma mater, and gave a speech. He said, "Up to now, I have repeatedly proposed to the Beijing leadership that we stop ideological confrontation and the Chinese on both sides of the Taiwan Strait should together create a new era of peaceful competition and unification." He added, "To show my sincerity and good faith, I hope to have frank talks with the leader on the other side of the strait on such occasions as international conferences." In this way, he indicated his strong desire to hold the first meeting with Chinese President Jiang Zemin in Osaka.

This is a very significant offer. China considers Taiwan issues domestic problems. However, Taiwan has been "another country" since the PRC was founded in 1949. If Japan arranges a Li-Jiang Osaka meeting, it would be a historical victory for Japanese diplomacy. However, no one in the Foreign Ministry dares arrange the meeting.

The government lacks long-sighted diplomacy. It thinks as long as China strongly opposes Li's visit to Japan, such a troublesome matter should be left as it is, and that Taiwan will never leave APEC even if Japan refuses to invite President Li to the Osaka forum. The government only has such short-sighted views.

Until when will Japan continue its policy of avoiding troublesome matters? If Taiwan completes its democratization process with the presidential election slated for March 1996 in addition to the success of President Li's U.S. visit, international moves will surface to review diplomacy toward Taiwan. Unless Japan stops worrying about Beijing's mood, it will be the last to jump on the bandwagon.

Because of its weak-kneed diplomacy led by Prime Minister Murayama and Foreign Minister Yohei Kono, it was expected from the beginning that the government would choose to follow the precedence of the previous meetings. If it follows the former policy and rejects Li's visit to Japan, it should also follow the way of rejecting his visit. U.S. President Bill Clinton sent a letter to President Li and Indonesia sent a top government official to Taipei, both to politely turn down Taiwan's requests that President Li be invited to the Seattle and Bogor meetings. If Tokyo says it cannot do even such things in the face of China' opposition, we doubt there is diplomacy in this nation.

### Freeze on Grant Aid to Beijing To Continue

*OW1310051295 Tokyo KYODO in English 0431 GMT 13 Oct 95*

[FBIS Transcribed Text] Tokyo, Oct. 13 KYODO — Foreign Minister Yohei Kono reiterated Friday [13 October] that Japan will not resume grant-in-aid to China as long as Beijing does not declare an end to its nuclear testing.

"I think it is necessary to keep the freeze (on grant-in-aid) until China clearly states it will not conduct further nuclear tests," Kono told a session of the House of Representatives Budget Committee.

Beijing had denounced the freeze and accused Tokyo of using its economic power to impose its political views.

Kono also confirmed that Japan's yen loans will be disbursed to China in line with bilateral agreements. "We don't intend to freeze these too," he said.

China, which has said it will halt all nuclear testing as soon as a planned global test ban treaty comes into force, has conducted two nuclear tests so far this year.

### Russian House Blocks Sakhalin Oil Bill

*OW1210114995 Tokyo KYODO in English 0956 GMT 12 Oct 95*

[FBIS Transcribed Text] Tokyo, Oct. 12 KYODO — Russia's upper house, the Federation Council, has rejected a bill that would have expedited international oil and natural gas development projects in waters off

Sakhalin, informed Japanese sources said Thursday [12 October].

Although the Russian government is likely to submit an amendment to the bill, this will inevitably delay the projects, the sources said.

The rejected bill, which has been passed by the state Duma, the lower house, included provisions for production sharing in the two energy development projects planned for the area.

One project is being pursued by Sakhalin Oil Development Cooperation Co., established by 13 companies including Japan Petroleum Exploration Corp. and trading house Itochu Corp.

The other is planned by an international consortium comprising companies from Japan, the United States and Europe.

Participants in the two projects and the Russian government have already signed a contract determining methods of development and dividing profits.

The sources said the contracts will become effective only after Russia prepares new laws regulating foreign investment, profit sharing and other matters related to such large international projects.

### Businesses Prepare To Enter Burma

*OW0910100995 Tokyo KYODO in English 0906 GMT 9 Oct 95*

[By Noriko Sato]

[FBIS Transcribed Text] Tokyo, Oct. 9 (KYODO) — More Japanese companies are contemplating investing in Myanmar [Burma] since the release of pro-democracy leader Aung San Suu Kyi in July.

"Myanmar was almost forgotten before, but suddenly, people want to know all about it," says a spokesman at the Myanmar Center for Business and Information, which was set up in Tokyo by Myanmar's military government to respond to the new interest among Japanese companies.

"The country is one of the last frontiers in Asia, and companies don't want to miss their chance," he said.

Myanmar has been virtually secluded from the rest of the world for the last 30 years or so. In 1962, it shunned foreign investment under a nationalist socialist policy that lasted 26 years, and which led to economic stagnation.

In 1988, the country adopted free-market principles, reopening its doors to foreign investment under the foreign investment law. Investors have been largely wary, however, since most foreign aid to the country was cut off after the military junta's oppression of democracy movements in the same year.

The release of Suu Kyi, who was put under house arrest in 1989, is seen in some circles as a good reason to resume investment in the country.

"It's a promising sign. We can hope for investment to grow in Myanmar as in Vietnam," says Akinori Seki, deputy executive officer of strategies and coordination at Marubeni Corp., one of the major trading companies that is looking to do long-term business in Myanmar.

To encourage companies, the Ministry of International Trade and Industry this year resumed underwriting trade insurance policies for investment in the country, suspended since 1988.

For investors, the attractions in Myanmar are its rich natural resources and the low labor costs of a population of approximately 45 million.

"Also welcome are the people's ability to speak English, their industriousness, and most reassuring to Japanese companies, their mentality that is very close to the Japanese," says Seki at Marubeni.

However, the lack of infrastructure is a setback for many companies, particularly those in the manufacturing sector. "Myanmar lacks water and electricity supplies and other basic essentials. We will be staying sidelined for the time being," says a spokesman at a major consumer electric appliances company.

In addition to the poor port facilities, transport and telecommunications facilities, investors also have to reckon with a dual currency exchange rate.

While the official value of the dollar is at around 5.60 kyats, its actual market value is 20 times higher at around 120-135 kyats.

As of the end of June, only five government-approved Japanese companies were operating in Myanmar, their investment totaling 101 million dollars, ranking sixth among foreign investors. The top five investors are Britain, France, Thailand, Singapore and the United States.

Among the Japanese investors, major trading companies are notably taking the lead. Marubeni, in addition to the deals struck for joint [words indistinct] galvanized steel and soft drinks, is hoping to cooperate in the [words indistinct], energy and industrial complex sectors.

"We also have our eyes on the farming industry, an area where Myanmar has a lot to offer," said Seki, saying the country could become an important food supplier amid the expected decrease of China's agricultural supplying capacity.

Another trading company, Mitsui and Co., is considering undertaking projects for gas development, industrial parks, steel sheet production and hotels, a company spokesman said.

The Japanese financial sector is also showing interest, prompted by the enactment of a new law early this year approving the establishment of commercial banks.

The Bank of Tokyo has opened a representative office, and will likely be followed soon by Fuji Bank and others.

Meanwhile, Daiwa Securities Co. is planning to tie up with its research arm Daiwa Institute of Research and the Myanmar Economic Bank to set up a securities company.

"There is little going on now, but we want to respond to the financial demand that is likely to grow in the near future," said a Daiwa Securities spokesman.

He said the Daiwa Institute will be giving advice for the country's first stock exchange, which it hopes to build within the next few years.

Companies will have to be patient about Myanmar's transition to a market economy however, says Ikuko Ida, a researcher at the Institute of Developing Economies, noting that the process of privatizing national companies has been slow.

"The government is apparently not used to setting up industrial policies," she said. "The various ministries tend to go about their own affairs and fail to share a common vision."

Still, the country's economic transformation would be considerably boosted if foreign aid starts coming in, Ida said.

The U.S. and other Western countries are withholding aid in protest against the military government. But Japan, whose aid accounted for 70 percent of Official Development Assistance (ODA) to Myanmar during the 1970s and 1980s, has been taking a flexible attitude, "giving aid case by case," as a source at the Foreign Ministry said.

## Editorial Views G-7 Finance Ministers' Talks

*OW1210070595 Tokyo ASAHI SHIMBUN in Japanese 9 Oct 95 Morning Edition p 5*

[Editorial: "G-7 Touches Japan in Monetary Troubles"]

[FBIS Translated Text] Finance Minister Masayoshi Takemura said: "The G-7 finance ministers' talks confirmed that the yen-dollar exchange rate is in the process of reversal and I am satisfied with that confirmation."

Bank of Japan Governor Yasuo Matsushita also said: "Japan's monetary and financial policies to stimulate the economy and efforts by Japanese financial institutions to clean up bad loans won applause at the G-7 finance ministers' talks." Both Takemura and Matsushita played up the results of the G-7 finance ministers' talks making those comments at a news conference held at the end of the talks. Nonetheless, it is necessary to take the applause for Japan at the G-7 finance ministerial talks with some discount.

The wariness by other nations of Japan's banking system was heightened by a huge loss at the Daiwa Bank's New York branch. The G-7 finance ministers' talks refrained from expressing a sense of crisis out of fear of putting the world financial markets in turmoil. We hope Japan will clean up the bad loans by pulling Japan's economy out of its prolonged slump without disrupting the world economy. We believe that this is what other nations really hope. Other nations are treating Japan very cautiously, which is saddled with the monetary issue.

Speaking at a news conference held at the end of the G-7 finance ministers' talks, U.S. Treasury Secretary Rubin unprecedentedly applauded Japan's package of economic stimulus measures and expressed his expectations of Japan's future economic recovery, saying: "Japan has began taking very constructive steps. Japan's growth is undoubtedly important." We understand his comments.

The IMF, in its World Economic Outlook released just prior to opening the G-7 finance ministers' talks, projected that Japan's economic growth would rebound from this year's 0.5 percent to 2.2 percent next year, exceeding the United State's 2.0 percent growth rate.

If Japan's economy grows as the IMF projects, the U.S. growth rate's trend of exceeding that of Japan would be reversed for the first time in five years. The IMF secretariat acknowledged that the projection is overly optimistic. The projection is probably part of moves to speak favorably of Japan's economy. Nonetheless, Japan has little room to bask in the applause from other nations.

As seen in a statement, the G-7 will have to consider providing reconstruction funds to Bosnia once peace is restored and their assistance in Russia's transition to a market economy is important. They cannot be preoccupied only with the "Japan issue."

Japan should grapple with foreign exchange markets, among other things, in early next week. The statement issued by the G-7 finance ministers' talks reaffirmed that "the G-7 will closely cooperate in dealing with foreign exchange markets." However, Dini, Italian prime minister and treasury minister, expressed a negative view about the coordinated intervention of the G-7 in foreign exchange markets, saying: "At the moment, any action to raise the dollar against other major currencies is not under consideration."

Markets are now testing whether the G-7 is really seeking to raise the dollar against other major currencies. The Bank of Japan, if necessary, must show the G-7's "resolve" by buying the dollar through market intervention in concert with other industrialized nations. If Japan fails to unravel the truth about the financial incident involving the Daiwa Bank and to deal hastily with the bad loans, it would make it difficult for it to win back the world's confidence in its banking system.

International meetings used to sternly ask Japan to cut its surplus and open its markets. Also, as a matter of course, other nations ask Japan, one of the world economic axes, to formulate various policies. Both the finance minister and Bank of Japan governor should strengthen the structure of Japan's economy to enable other nations to make requests freely without trying to gain Japan's applause, such as at the G-7 finance ministers' talks.

## Takemura Defends Handling of Daiwa Bank Case

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0227 GMT 13 Oct 95*

[FBIS Transcribed Text] Tokyo, Oct. 13 KYODO — The Ministry of Finance's handling of the fraud case at Daiwa Bank was appropriate, Finance Minister Masayoshi Takemura said Friday [13 October].

While partially acknowlegding a delay in the ministry's reporting of the case to U.S financial authorities, Takemura said, "We did all we could do under a Japanese system. Handling was rather appropriate."

Takemura's comment at a morning press conference came against growing criticism in the United States over Japan's slow response to the Daiwa scandal, which involved 1.1 billion dollars in losses in trading at the bank's New York branch over more than 10 years and forgery of documents to conceal it.

The Finance Ministry acknowledged earlier this week it knew of the loss 41 days before U.S. regulators were informed.

The revelation of the delay spread responsibility for the affair from just Daiwa Bank to the Japanese financial authorities as well.

The Finance Ministry confirmed it had received notification of the trading loss from Daiwa Bank on Aug. 8 but it waited for six weeks before reporting it to U.S. regulators.

Takemura said at the news conference, "As of early August, information was sketchy. In view of the gravity of the case, we had to be cautious."

He then said, "there seems to be a slight difference in the manner of disclosing important information between Japan and the U.S."

"But I feel there is something that Japan can learn from the U.S. It is important to step up disclosure as much as possible in this country," he added.

Takemura said he recently telephoned U.S. Treasury secretary Robert Rubin to explain the background behind the delayed reporting.

Takemura said he and Rubin have confirmed the need for financial authorities of both countries to keep in touch with each other.

## Ministry To Order Daiwa To Correct Practices

*OW0910145795 Tokyo KYODO in English
1433 GMT 9 Oct 95*

[FBIS Transcribed Text] Tokyo, Oct. 9 KYODO — In an unprecedentedly harsh action against a major Japanese bank, the Finance Ministry plans to issue an "operation correction order" to Daiwa Bank over revelations that it failed to report having incurred a $97 million loss to Japanese and U.S. federal banking regulators, ministry officials said Monday [9 October].

Under the action stipulated by the Japanese Banking Law, the ministry will order Daiwa to establish a supervisory system over its overseas branches, ministry sources said.

The bank will be obligated to check positions held by traders for various financial instruments in its dealing sections, while being obliged to enhance the communication system between its Japanese headquarters and overseas branches, they said.

The law empowers Japanese financial authorities to revoke a license held by a financial institution to operate banking business in Japan, if the institution which received the order refused to comply.

The law also empowers the ministry to strip bank managers of their posts.

The plan to issue the measure surfaced after the bank disclosed earlier in the day that it had neglected to report a loss of 97 million dollars in U.S. Treasury securities incurred by the bank's U.S. trust banking subsidiary over a three-year period from 1984.

The bank said the loss came in addition to the much-highlighted separate loss of $1.1 billion allegedly racked up by Toshihide Iguchi at the bank's New York branch in unauthorized trading over more than a decade.

In an official announcement that followed press reports about that subsidiary's loss, the bank said an executive at the subsidiary, Daiwa Bank Trust Co., neglected to report the loss to U.S. federal banking authorities at the time or to enter it on the subsidiary's settlement books.

The bank sought to scale down the loss by setting up another subsidiary, ministry sources said.

The ministry plans to issue the order after it completes an investigation into the New York branch to begin later this month following the completion of an ongoing probe at the bank's headquarters, they said.

The bank said the incident came to light in a July 13 letter to Fujita from Iguchi, in which the trader disclosed his $1.1 billion loss incurred at the New York branch. He also mentioned the 97 million dollar loss.

The bank said it confirmed the trust banking subsidiary's loss through its own in-house probe.

Following the confirmation, the bank said, it reported the losses to the Japanese and U.S. financial authorities on Friday.

Daiwa Bank Chairman Sumie Abekawa told the news conference, "I had known about the loss" incurred by the trust subsidiary, "although it was mentioned in the letter from Iguchi."

Abekawa and President Akira Fujita said at a news conference earlier in the day at the bank's Osaka headquarters they will give up their posts to take the blame for the 1.1 billion dollar trading loss in U.S. Treasury bonds.

Vice Finance Minister Kyosuke Shinozawa, commenting on the subsidiary's $79 million loss told a separate press conference in Tokyo, "it is extremely regrettable that the bank's headquarters was also involved in a cover-up of the facts."

Shinozawa vowed to take strict disciplinary action against the bank.

He said the ministry will "study" the propriety of implementing a proposal to check transaction records at overseas branches of Japanese financial institutions.

The bank said Fujita will hand over the bank's presidency to Executive Vice President Takashi Kaiho. Fujita will become the bank's senior adviser.

Fujita told a news conference, "our bank wants to make a fresh start by improving the management and supervisory systems."

Fujita acknowledged the allegations that some other traders at the New York branch were also acting on instructions from Iguchi in the treasury bond trading.

However, he denied allegations that the entire branch was involved in the cover-up for the $1.1 billion trading loss, saying Iguchi's colleagues "did not have any awareness that their actions may constitute crimes."

The bank earlier said Iguchi sold bonds held in custody at the branch in a series of off-the-balance-sheet transactions, in a desperate bid to cover his snowballing losses.

Iguchi allegedly destroyed letters to hide his transactions and forged documents to show false, inflated balances, to conceal the losses on the bonds entrusted to him.

Daiwa Bank's newly appointed vice president Kazuyu Sunahara, said, "our in-house investigation showed that the suspect Toshihide Iguchi gave related instructions to his men (at the branch), but our understanding is that they were not illicitly involved."

In a related development, Nishimura, the chief of the ministry's Banking Bureau, told a hurriedly arranged news conference that he received the report on the New York branch loss from Fujita on Aug. 8, as reported by the bank earlier in the day.

Vice Finance Minister Shinozawa told a separate news conference, "the Banking Bureau director general quickly instructed the bank to investigate the incident, and it is understandable that his actions went no further than that."

"It is Daiwa Bank (rather than the ministry) that has the obligation to report the incident to the U.S. authorities," he said.

## Noguchi's Economic Structure Theory Questioned

*952A0695A Tokyo SHOKUN in Japanese Aug 95 pp 64-72*

[Article by Mitsuharu Miyamoto, Senshu University professor]

[FBIS Translated Text]

### Theory Covers a Historical "Super-Analysis" of the Problems Associated With the Japanese Economy but Contains Many Pitfalls.

The Japanese economy has fallen into a severe slump. In fact, we can say, rather than a slump, it has fallen into an uncontrollable situation. It now faces the greatest turbulence in the postwar period including not only the postwar period's worst recession but Japanese-U.S. economic friction, the high yen, industrial hollowing, and financial instability. And the economy is drifting amid the turbulence in an uncontrollable fashion. This is probably the picture of the current Japanese economy.

The question is, is there any way in which Japan can extricate itself from the current turbulence? The public desires and expects the government to take responsive action in this respect, but the latter has been unresponsive. There is no question that the government has taken a number of measures in response to the exacerbating recession. However, none of those measures has been effective, but rather has served to impress the public with the complexity of the causes and the difficulties encountered in controlling the situation. A wide variety of causes are intermingled, ranging from the collapse of the bubble to the decline of the dollar, from the information technology revolution to changes in the industrial structure, from the differential in foreign and domestic prices to the trade surplus. Actions associated with pinpointing the causes and determining remedial actions themselves, have been thrown into confusion in the face of complex reality. The fact is undeniable that we have been unable to extricate ourselves from the turbulence, causing the public to suffer from a pervasive feeling of impotence and stalemate.

Is there a way of breaking out of the status quo? We certainly hear clamorous debate that such means do exist. In fact, we can say that there is a proliferation of such debate. Needless to say, some of the scenarios described for breaking out of the status quo have already been demonstrated as being ineffective. However, the most influential and novel debate covering the various scenarios which I would like to consider in this article concerns the "1940's Economic Structure Theory." The "1940's Economic Structure Theory," advanced by a number of influential economists led by Yukio Noguchi, stresses a change in the Japanese economic system from the standpoint of history. Change in itself is a term which appears in a variety of scenarios which address the topic of extricating the economy from the status quo. The debate surrounding these scenarios attempts to assert that the "1940's Economic Structure Theory" embodies as the future historical scenario a change in the existing systems as structured historically. The question now is, what makes up the scenarios and what is the basis for their historical perceptions? And, how will our history be treated under such scenarios?

Historical scenarios for the sake of change was a concept monopolized in the past by Marxists and progressives. Further, as far as Marxists are concerned, postwar systems were initiated by postwar reform and economic democratization by both GHQ and progressive forces. Accordingly, if one were to criticize the current system and describe the scenario of change, he could not help but simply defend the postwar systems. If we were to admit to a flaw in the current system which has survived for 50 years in the postwar period, we must refer to the abuse being heaped on democracy, fairness, and pacifism promised by the original postwar system, and in that sense, any change in the current system must be one which defends the original postwar system and provides for the restoration of that system.

**Continuity Between Wartime and Postwar Periods**

The Marxist scenario which had been advocated for 50 years in the postwar period, however, was eventually betrayed by that scenario itself. It was not democracy, fairness, and pacifism that was trampled, but the success in achieving such qualities on the part of the public in itself that led to the abandonment of the Marxist scenario.

However, the public is now surfeited by such success. Democracy, fairness, and pacifism which were sought in accordance with Marxist teachings have fallen victim to an uncontrollable situation. If this is the situation existing after the passage of 50 years in the postwar period, the postwar system definitely faces a stalemate. A rational movement to overcome this bottleneck pertained to the logic which finally emerged several years ago calling for the creation of a "normal nation." And, another movement pertained to the "1940's Economic Structure Theory;" i.e., the logic calling for a "normal economy." And, strange as it may seem, in response to the logic of a "normal nation," Marxists who resuscitated themselves as the original resistors attempted to survive as allies or loyalists of the logic pertaining to a "normal economy." This is a simple matter in that the "1940's Economic Structure Theory" is merely an attempt at so-called adaptation of the Marxist historical scenario.

By the way, the historical scenario is, of course, based on historical analysis. The "1940's Economic Structure Theory," scenario is based on an analysis of a variety of economic systems which were formed during the 1940's; i.e., during World War II. Rather than refer to them as systems, the "National Mobilization Law" existed at the pinnacle supported by pertinent laws and ordinances, which needless to say, were promulgated as the wartime control system over men, money, and materiel for the execution of war. Regarding this area, much research has already been accomplished and the "1940's Economic Structure Theory" uses that research as a basis to assert that the wartime control system was continued in the postwar period.

In examining the "1940's Economic Structure Theory," one notes that the systems continued in the postwar period were not limited to the wartime systems, laws, and ordinances. Even the experience and concepts concerning control were continued in the postwar period. Symbolic of that situation are the bureaucratic systems which are based on various systems and experience used to establish the postwar government regulatory system. Aside from government regulatory systems, systems and experience accumulated in wartime pertaining to such elements as neglect of shareholder interests, corporate cartels, rejection of competition, and protection for the weak were continued under the postwar corporate system. They now constitute what is referred to as Japanese-style employment, financial, and intercorporate business systems. In that sense, the current economic system is not one which was newly created in the postwar period, but has been continued from the wartime period, making it appropriate to refer to the postwar system as the "1940's Economic Structure" as a means to describe its continuous characteristic. It is in such a manner that the "1940's Economic Structure Theory" provides a novel historical perception of continuity between wartime and postwar periods. This is a critical matter that certainly is deserving of close examination as a hypothesis.

**Vision Lurking in the Background**

However, historical scenarios are based on analyses as well as vision. As was the case with Marx, Keynes, and Schumpeter, analyses of history and vision are intertwined and it is impossible to separate one from the other. It would be proper to say that analyses are guided by vision. Or, it can be said that the ultimate shape of a scenario can depend on the vision extracted through the process of analyses. In this sense, the level of vision, its appeal and its potential for influencing people, will have an impact on the ultimate shape of the historical scenario.

The vision found in the "1940's Economic Structure Theory" definitely and vigorously appeals for destruction and change in the status quo. Put another way, the current difficulties encountered in the Japanese economy cannot be overcome not because of government impotence, but because of government incompetence. The government regulatory system, which continues from the wartime system, imposed government incompetence and the same incompetence further serves to undermine the corporate system which similarly continues from the wartime system. Such employment, financial, and intercorporate transaction systems impede free market competition, while this nonmarket-type system has served to expose not impotence, but incompetence relative to radical changes in environmental conditions associated with the Japanese economy. Thus, breaking out of the status quo leaves no choice but to dismantle the "1940's Economic Structure System" as it applies to government and corporate systems. Dismantling will be followed by the birth of an inherent market-type system which can be referred to as a "normal economic" system consistent with a "normal nation."

Visions embodied in the "1940's Economic Structure Theory" do not necessarily contradict those embraced by Marxists. The "1940's Economic Structure Theory" indicates that the postwar system is not a pacifist, democratic system, but the continuation of wartime and control systems. That wartime general mobilization system was continued as a system for a general mobilization to achieve economic growth and as a system for general mobilization to achieve intercorporate economic competition. Similarly, the system of control was continued as a way to protect the weak but, in reality, as a system to regulate the protection of vested interests. Postwar reform was implemented by Americans, but the reality is that the postwar system became one which was far removed from U.S. ideals. The most pervasive symbol of that situation is government regulation which does nothing more than violate people's free will or more accurately the will of the majority through bureaucratic control. This very situation represents the destruction of democracy and in this sense the existing system must be dismantled. Its dismantling will lead to a genuine postwar system. The resultant phenomenon will be a free market economy liberated from state authority; i.e., none other than a "people's society" pursued by Marxists. It will be in that manner that the "1940's Economic Structure Theory" will succeed in encompassing in its scenario the reform of both Marxists and progressives. In this sense, the "1940's Economic Structure Theory" embraces the intellectual world. The question is, are the analyses and vision contained in the theory genuinely sustainable? This is a case where just like the previous analyses, the vision must be scrutinized.

**Similar but Different**

One wonders if we can sustain the hypothesis of the "1940's Economic Structure Theory" which suggests continuity between wartime and postwar periods. An influential rebuttal of this hypothesis already exists (see article titled "The 1940's Economic Structure System' Is Not Directly Linked to the Present" written by Toshiro Hashimoto and published in the 2 and 9 May 1995 editions of the EKONOMISUTO). In other words, systems created in wartime and those created in the postwar period may be similar, but that fact in itself does not support the theory of continuity. The contents and the functions of the two systems are entirely different, while the current systems were established as a result of exposure to circumstances peculiar to the postwar period.

I am in basic agreement with this viewpoint. We are speaking of a simple situation in which wartime systems were systems of control, and if we are to refer to continuity, it would be applicable to the postwar recovery period in which GHQ and the Economic Stabilization Board controlled the Japanese economy. During that recovery period, wartime experience played a major role in relation to the success of the so-called priority production systems. We are speaking of materiel and capital control, which can be referred to as being directly related to the wartime period. Such arrangements could be considered logical in that the only method available for postwar dispositions was control. It was a case where systems initiated under controls were disposed of under controls, which definitely provided for continuity or direct ties between wartime and postwar periods.

We can probably say that it was the Dodge policies which brought a halt to that continuity. It was at this point that the direction of the postwar Japanese economy was established, encompassing actions such as the establishment of a fixed foreign exchange rate of 360 yen to the dollar, promotion of industrial rationalizations which would provide for the ability to survive under such an exchange rate, and improvement of international competitiveness based on the "Theory of Establishing a Trading Nation." There was no doubt that this process fulfilled an important government role in terms of industrial policy. That role involved not only the protection of emerging industries, but the promotion of more aggressive, strategic industrial policies, currently known as "developmental-type models." It can also be said that there existed a common strategy between government and industry. Further, we can go as far as to say, if we so desire, that this common strategy was based on shared experience under the so-called wartime general mobilization structure.

However, we can justify the use of the term the "Japan Inc. Theory" only in reference to that situation in connection with the 1950's. As soon as the high-growth period arrived or before that point in time, government industrial policies concerning coordination of capital investments and promotion of corporate mergers to attain economies of scale were rejected by corporations and industry organizations themselves, in the area of growth industries; i.e., industries targeted by strategic industrial policy. Such phenomenon was logical in that regardless of the strategy envisioned, postwar government did not have the authority to impose such strategy. And, industrial policy encompassing government-initiated coordination was discontinued in the 1960's. That change also coincided with the completion of the creation of an industry which substituted for imports.

### Process of Extrication Is Important

Needless to say, this is not a case where I wish to say that government regulation and intervention does not exist relative to industry. The respective industry laws existing for each sector which serve as the heart of permit administration and administrative guidance can be categorized as representing the restoration of industry laws which existed under wartime systems. And, there is no doubt that wartime experience played a major role in revising such laws for postwar application. Further, I have no objection to the fact that the need for such laws should be subjected to a basic essentiality review. On the other hand, I do not disagree with the fact that in the area of tax systems, tax withholding systems and local government subsidy systems were introduced during wartime and that in the sense that they remain unmodified to retain continuity between wartime and postwar periods. And, although I myself do not sense the necessity, I do not disagree with debate calling for the suspension of such continuity and modification of the tax system which provides for use of income tax revenues to cover local-government subsidies.

Even if we were to recognize all of these facts, it is probably illogical to say that wartime systems; i.e., control systems, continue into the postwar period. There is no doubt that at one time wartime and postwar periods experienced continuity or were directly related. Severing this continuity is none other than the postwar process. Needless to say, those changes did not take place immediately. As an example, decontrol of capital in the 1960's was not consummated until the 1970's. And, the deregulation of bank deposit interest rates in the 1980's was not completed until the 1990's. I myself recognize the need to allow for time for completion of such processes, but it is possible nonetheless to criticize such situations as reflecting unnecessary procrastination. However, there is no mistaking the fact that even if disagreement on the time element existed, the postwar process involved the discarding of government regulatory systems. In that we face such a process, still-existing regulations become an issue and it is not a case where the problem consists of the continuity with wartime control systems.

In the foregoing text, we have considered the continuity hypothesis of the "1940's Economic Structure Theory" by limiting the discussion to government regulation. Most likely, differences in viewpoints are simple and are probably contrasted between describing the continuity of wartime control systems on the basis of still-remaining regulations or interpreting the postwar period as a process of severing ties with wartime regulations. In a sense, continuity in itself is a logical phenomenon because it is impossible for history to exist which does not continue from a prior period. In this sense, Marxist historical perceptions, which asserted the absence of continuity between wartime or prewar and postwar periods and attempted to paint the postwar period as one which was entirely devoted to democratization, can said to have been in error. Rather, the perspective of genuine continuity would indicate that postwar democratization was linked to the wartime period as well as the prewar period, and it is not a case in which history or the past starts at a specified point in time.

However, this continuity is the type of continuity accompanied by changes, thus giving birth to the formation of the current system. If one were to pursue this continuity from the past, he should become aware of the numerous changes taking place and, in that sense, not the continuity of wartime and postwar periods, but the inherent differences. In contrast, the "1940's Economic Structure Theory" attempts to interpret the present from some future point in time. In terms of the future, it speaks of ideal market economies and free competitive market economies not restricted in any way, but senses anger with still-lingering regulation and delays in opening markets, and makes an attempt to tie such circumstances to wartime control systems.

I will explain this type of thought process at a later time, but this statement itself can be made of corporate systems known as being of the Japanese type. In other words, Japanese employment, financial, and intercorporate transaction systems are distanced from free market economic systems, because they have inherited wartime control systems. However, space limitations force me to say so in brief terms, but the theory of continuity between wartime and postwar periods concerning corporate systems is difficult to sustain, even in a stronger sense than is the case with government regulatory systems. That in turn is a simple matter, while the postwar period involves an intense competitive market system.

As an example, in the area of employment, the wartime systems covered wage and mobility controls, and it would be utterly impossible to derive current seniority wage and lifetime employment systems from such wartime systems. It is true that immediately after the end of the war, wages prevailed in the electrical equipment industry which were set to cover living expenses. They consisted of living-expense-covering wages paid under destitute conditions and can be said to have been continued from or directly related to the wartime cost of living wages, similar to the previously mentioned postwar recovery period. However, those wages were completely different from subsequent seniority wages, while seniority wages later established as the Japanese type consisted of wages based on competence or job functions. And, in this sense, seniority wages and lifetime employment are systems which came into being in the mid-1950's and the systems were made possible because of the establishment of skills-training or so-called technician-training systems. Further, the introduction of such systems itself took place in the prewar 1920's and it is known that corporations adopting such systems had established seniority wage and lifetime employment systems. Further, establishment of seniority wages and lifetime employment for all employees took place in the mid-1960's, when the technician training system was abolished and corporations were faced with the need to treat all employees as trained technicians. And it was because of that development that seniority wage systems came to encompass wages based on competency and job functions, and the seniority wage system became none other than the Japanese-style employment system. The system had entirely nothing to do with the wartime labor control system.

### Labor-Management Cooperation Established in the 1950's

Similar circumstances probably prevail relative to financial and intercorporate transactions. Simply stated, the corporate main-bank system did not continue from the wartime-designated financial institution functions. As clarified by main-bank research, the main-bank system which provided for huge loans through interbank joint financing and attendant corporate management surveillance coincided with the establishment of corporations controlled by managers, making corporate and bank relations during wartime completely different in this respect. It is a fact that wartime controls canceled shareholder rights and denied shareholder management. However, that fact did not signal the establishment of management control, and it was a case in which managers as those responsible for production were simply placed under controls, while designated financial institutions did not function as main banks to maintain surveillance over the management of the controlled corporations.

Further, it is not a case in which denial of shareholder control resulted in the transformation of the controlled corporation into a Japanese-style corporation promoting the joint interests of employees. It was simply a case in which shareholders, management, and employees were placed under the wartime control system. The establishment of postwar managers' corporations was realized after a series of stock market upheavals, the establishment of joint-interest-type and labor-management-cooperation-type corporations was realized after the turbulent labor-management struggles of the 1950's, and it was the management-controlled-type corporation that learned of the need for cooperation through experience gained during disputes. That learning process was symbolized by the establishment of the Japan Productivity Center in 1955 and it was about then that the Japanese-style employment system was created.

Further, corporate relationships referred to as being Japanese style as well as keiretsu systems do not reflect functions continued from wartime subcontractor relationships. The so-called Toyota system was formed between the latter part of the 1950's and the first half of the 1960's and was necessitated by the need for productivity enhancements under narrow market conditions and later by the need to improve the quality of parts procured from other manufacturers under a rapidly expanding market.

It is in this manner that I believe it is all the more difficult to support wartime and postwar continuity of the corporate system. Needless to say, this is a hypothesis and it is at this stage that I must contradict my own rebuttal. However, what appears to be a mystery is, why is a hypothesis with so many questionable facets advocated as the "1940's Economic Structure Theory" without any reservation? The phenomenon known as war had a major impact on the subsequent path of history. The wartime systems theories were important and very interesting from the standpoint that war had an unexpectedly large impact and a decisive impact in some respects. However, when such concern is asserted in the form of the "1940's Economic Structure Theory," we cannot help but admit to a significant deviation from logic. My skepticism concerning the continuity hypothesis is based on numerous existing research, such as Kazuo Koike's paper on employment, Shigero Teranishi's paper on finance, and Toshimasa Tsuruta's paper on industrial organizations. I cannot help but become cautious on the wartime and postwar continuity theory if I were to respect such research. Minimally speaking, I can only address wartime and postwar relationships as a continuous, complex process, encompassing continuity accompanied by the absence of continuity and lack of continuity accompanied by continuity. One wonders, why does the advocacy of the "1940's Economic Structure Theory," which is a complex process, has become so controversial despite the fact that it comes from such a prominent theorist. I would imagine that that is the case because of the visions embodied in the "1940's Economic Structure Theory."

### Has the Market System Ceased To Exist?

As previously stated, as long as we are to interpret the historical process as continuity accompanied by changes, I do not hesitate to recognize continuity in some aspects of the wartime and postwar periods from the standpoint of continuity. However, the "1940's Economic Structure Theory" not only asserts continuity, but asserts the absence of continuity between wartime and prewar periods. The prewar period mentioned here covers the period beginning with the pre-general-mobilization-system days of post-World War I period when the Japanese economy commenced its conversion to heavy chemical industries until the opening of the Japanese-Sino War and views the introduction of wartime controls in a manner disassociated from the Japanese economy in the 1920's through the mid-1930's. Needless to say, as long as the wartime system represented a control system for the execution of war, it is only logical in a sense that it was disassociated from prior economic systems. However, the significance of asserting the absence of continuity between wartime and prewar systems in the "1940's Economic Structure Theory" lies in the fact that the prewar experienced a free market economy, and that the continuation of the wartime system in the postwar period enables the assertion that the current Japanese economic system represents a denial of the free market economy principles. In summary, there is no need to hesitate whatsoever in voicing disapproval of the current system. The current system was forcibly created by disassociation from the previous market system.

The absence of continuity between wartime and prewar systems is a hypothesis which should be examined in detail. If I were allowed to state only the conclusion because of the lack of space, I would have to mention the inordinately controversial treatment of history similar to the theory of continuity between wartime and postwar systems previously mentioned. The question does not cover the status of the Japanese economic system in the 1920's and the 1930's, but the status of world capitalism in the United States, Great Britain, and Germany. Such status was referred to by John Maynard Keynes as "the end to uncontrolled freedom" and by Karl Polanyi as a "major turning point" for economic systems, leading to the view that the answer to failure of self-adjusting markets of the 1920's was the appearance of a self-defensive-system society in the 1930's. Further, Joseph A. Schumpeter detected the end of "unrestrained, vigorous capitalism" under the New Deal system, and prophesized, "No. It cannot survive" in response to the question, "Will capitalism survive?" The final destination for capitalism of the 1920's and 1930's was war and we need not mention that general mobilization spread throughout many nations.

### Logic of Reform

Needless to say, the path taken from the prewar to wartime periods differs with each nation. It is possible to examine the special or peculiar path taken by Japan. That is, the rapid industrialization and urbanization of the country beginning around World War I at a time, when its financial and employment systems were immature and the economic system was unstable, coincided with turbulence associated with the lifting of the gold embargo and global recession. Japan chose to respond to this crisis by pursuing a cultural "war" against the West and Japanese anticapitalism in the form of a "struggle" against the capitalistic West. In this instance "struggle" did not simply refer to war, but ultimately at least in the subjective sense was considered as "competition" with the West or the "conquest" of modern principles or capitalism. Needless to say, Japan concurrently invaded Manchuria and "struggle" eventually became none other than war.

In retrospect, from this point in time, it is easy to criticize the error made in terms of the mentality calling for a "struggle" against the West. It can be said that the "struggle" mentality served to distort and halt the budding Japanese industrialization movement. And, we can say that in the postwar period, Japan abandoned this "struggle" mentality and resumed its effort to industrialize under the Western model. Looking at the situation in this manner makes it possible to reveal continuity between the prewar and postwar periods and the unnatural suspension during wartime. Needless to say, the path of history is more complex and is accompanied by both continuity and the absence of continuity. Or, it is a case where continuity and lack of continuity are intermingled; i.e., history can be followed as continuity accompanied by change. In the least, as asserted by the "1940's Economic Structure Theory," history cannot be clearly treated as solely a matter of continuity or lack of continuity.

Most likely, the true objective of the "1940's Economic Structure Theory" is to assert the absence of continuity in history. Continuity between the wartime and postwar periods is stated to refer to the absence of continuity between wartime and prewar periods, or essentially to assert that reference is being made to a special history which was interrupted in the past at one point.

Candidly speaking, we are referring to the logic of "change." In other words, the present represents a recent, exceptional event which was interrupted in the past, thus making it possible to overturn the present. This logic of change was once asserted by Marxists. Capitalism is a special historical structure which was created at a specified point in modern-day society and thus it is possible to dismantle it and change it into a separate socialistic system. An event wh[illegible] identical to this Marxist logic of change is re[illegible] in the "1940's Economic Structure Theory" although reduced in terms of the time element. Needless to say, the theory addresses change as visualized under capitalism, change from real Japanese-style capitalism to genuine capitalism, and change to a pure form of capitalism.

### There's No Such Thing as a "Normal Economy"

There is nothing mysterious about reformists being inspired by the sentiment of denial in relation to things currently in existence. However, Marxists are well aware of what those sentiments might be. The question is, would it be an overstatement to say that the sentiment of denying the status quo of the "1940's Economic Structure Theory," as it was in the case of Marxists, is not a case of denial based on an actual living experience, but a case of denying reality gleaned from textbooks concerning change? Further, would it be an overstatement to say in relation to Marxist textbooks on the "end of history" that the "1940's Economic Structure Theory" is a model of a transparent market economy "without a history?" Further, just as a controversial interpretation of history was rendered because of Marxist advocacy of reform, the question becomes, would it be an overstatement to say that the "1940's Economic Structure Theory" has become the center of controversial interpretations and understatements? I had no choice but to set aside these thoughts in this article, but it is regrettable that certain quarters engage in the utterance of banal expressions such as bureaucratic control, social beings, denial of competition, and emphasis of productivity, based on an assertion of change inviting no choice but to refer to reality as something which must be denied.

The "1940's Economic Structure Theory" may be a case of seeking capitalistic reform 10 years after it was tried by Thatcher and Reagan. Or, perhaps, the theory may simply be a case of seeking a very mundane "normal nation" along with a "normal economy." However, just as there is no "normal nation" to be found, there exists no "normal economy." Such entities are found in specific histories and exist only as structures in history which cover the past and involve change. The "normal" economy is judged as being "normal" within the context of history. The teachings of textbooks definitely exist as standards for making such a judgment. However, such actions provide for conditions to formulate textbook standards and the possibility of interpreting the real world as part of a "normal economy." As such, "normal economies" are created within their respective, peculiar histories or societies. Such actions, needless to say, lead to repetitive changes, both in the past or in the present. However, this does not mean that a given object is changed from one thing to another at some given time, nor that a Japanese-style situation will be changed to an U.S.-type situation. We are speaking of historical conditions and if we come to recognize this fact, the logic of change and the attendant historical scenario advanced by the "1940's Economic Structure Theory" will no doubt be discarded.

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## Bank Managers, Section Chiefs Authority Viewed

### Article on Degrees of Authority

*952A0707A Tokyo KINYU ZAISEI JIJO in Japanese 10 Jul 95 pp 45-48*

[Article by Kosai Okano]

[FBIS Translated Text]

### What is "Authority?"

Masamitsu Miyagitani's three-volume work, *Anshi,* is without a doubt a literary masterpiece. It was set several hundred years before Christ when the then prime minister and son of An, "Anei," served under King Sei. King Sei was an undistinguished leader, and being second-in-command, Anei occasionally gave King Sei advice. Doing so was a matter of life and death, but [Anei's] sense of [duty toward his] country and magnanimous candor were in favor with the King and he saved the country from many difficult situations. One of the central issues of the debate now taking place in Tokyo regarding dissolution of the credit unions is what to make of management responsibility. An "absence of Anei" becomes evident when scrutinizing [the issue] using this Anei story as a model. It happens that people at the top make mistakes in managerial judgement and begin behaving recklessly. That is when an exceptional second-in-command [like Anei] takes on a critical significance. If nothing else, one can be sure there was no "Anei" underneath the reckless rulers of these two credit unions. When one understands the make-up of "authority" at a branch in terms of "the standing and role of the deputy branch manager and section heads" it evokes the full magnitude of this theme. The second-and-third in command have almost no "authority" when it comes to lending, for example, because that is, as a matter of course, the sole authority of the branch manager. Now then, do the deputy branch manager and section heads have no authority to run the branch? The answer to this is indisputably no. Looking up the definition of "authority" in the dictionary one learns something interesting. The Kojien gives a simple definition by breaking [authority] down according to public and private laws. The Daijirin, on the other hand, gives a down-to-earth [definition], "the power given one that enables one to justifiably do something within a certain scope. The scope of that power. (Common usage) having enormous authority. Something outside [one's] authority." This concept of authority is roughly the same as the aforementioned idea of the "standing and role of the deputy branch manager and section chiefs." From this point of view, one can safely say that the managerial "authority" of the deputy branch manager and section chiefs is infinite. For example, by efficiently training lower-level bank employees; by creating a tightly-run office organization; and also by creating a branch that is more than just a customer complaint office and is strong enough [to withstand] any oversight whatsoever. This is the real job of the deputy branch chief and section chief, their real duty, and their "given authority." But unfortunately, there is a crucial exception to this which is the type of branch manager who is unwilling or unable to delegate this "authority" to his immediate subordinates, the deputy branch chief and section heads. In a sense, the act of "transferring" or "delegating" [authority] requires courage. "Delegating" is different from "abdicating" though. The branch manager's position is part and parcel with the section heads and his willingness to rely on them is important.

### "Abdication"

The following unfortunate accident occurred at the Tokyo branch of a certain city bank. The branch had a "two-layer business" divided into four sections, including operations, external relations, foreign exchange, and lending. Only the operations section was located on the first floor, while the three other sections were located on the second floor. The branch manager, vice-branch manager, and deputy branch manager along with three section heads sat on the second floor, while only the operations section head sat on the first floor along with an [extra] desk for the branch manager. The unfortunate accident was a "fraud [committed by] the operations section chief" and was virtually unprecedented, involving cash stolen by the very person who himself was supposed to be the watchdog overseeing the usual mishaps, mistakes, and trouble [that occur] at a branch. From a practical standpoint, this type of fraud is easy if the section head uses his "authority" cleverly. In this case, the branch manager's "abdication [of authority]" assisted the section head in committing the fraud. In addition, the branch manager probably respected the section head's "authority" and trusted him, and that was clearly a mistake. One problem was that all of the employees, including the branch chief, sat on the second floor, in effect isolating the operations section head and in reality "giving [him] a free hand." In not keeping an eye on him, [the branch manger] abdicated his role as regulator. Another problem was that the three who were authorized to assume the role of the branch manager [in his absence] were mostly "novices" when it came to administering and managing branch operations. The personnel department is probably to blame for this; putting someone without the experience of an operations section head in charge of [the section head] will occasionally invite this sort of thing. In this way, the branch itself was to blame for not having office administration and controls in place as part of its normal environment. The accident did not [just] happen, it was made to happen. An "incident" that occurred at another bank's Tokyo branch unfortunately was so serious that it cannot not be called an accident. It ended up bringing about several arrests. Just based on the attendant circumstances, this incident too seemed to be based on a section head's abuse of "authority." The incident, which epitomizes the financial bubble, was committed by the deputy branch chief and section head in charge of external affairs and the operations section head who helped them. The crime that was uncovered involved an enormous amount of undocumented lending and the central problem in this case was the "small tools" used to carry out the crime as well as the office management system itself. There were two "small tools," a cancelled certificate of time deposit and the branch manager's stamp on it. A conspiracy of bank careerists was formed that included the authority of several section heads and a deputy branch chief. Enormous sums of non-existent certificates of deposit were effortlessly created with cancellation certificates and "acknowledgements of actual certificates established" were effortlessly stamped by the "authority" of the person who was responsible for safekeeping the branch manager's stamp. Remarkably, the "other bank" to which these "small tools" were submitted granted the loans without checking even one of the certificates. Since the respective careerists used their respective "authorities" the fraud was quite easy. The "bubble logic" that says one commits frauds to improve performance at one's bank and branches is [so touching] it brings tears to one's eyes. There is no reason career bank employees should get involved in this sort of thing. It is sad that [employees] commit a fraud like this initially [to enhance] bank performance and then out of such greed that they end up getting arrested. One must also pay attention to the responsibilities that come with "authority."

### The Branch Manager's Vacation Time and Branch Performance

The scope of the "abuse of authority" by the deputy branch manager and section heads reached a combined total of 200-300 billion yen, but what is really surprising is the really long time, over three years, it took to commit the fraud. More precisely, the enormous fraud went on for three long years without being discovered. Branch managers' tenures are getting shorter and shorter and in just over three years there must have been at least two branch managers [at this branch]. Between them is a "succession" whereby the branch manager is replaced, the basis of which is the branch's asset balance. The succession was overlooked at the time the branch manager was replaced. This is true for deputy branch managers and section heads as well. These careerists also have a "succession" that comes with a changeover. It is incomprehensible why the fraud, which was more than a matter of one or ten million yen even, did not become an issue at the time of succession. As a matter of course, the responsibilities and authority of a deputy branch manager and section heads should be clear and it is up to the branch manager to fully understand them. If the [branch manager] does not bother to do so, and instead abdicates [his responsibilities], he can be called irresponsible. Even criminal, one would have to say. More to the point, this is the cause of the "branch manager's crime." Some might say that I have overemphasized the responsibilities associated with the authority of a deputy branch manager and section heads in this discussion about authority, but I do not have the slightest intention of doing so, except I simply wish to say that "responsibility" comes with authority. Some branch managers do not take time off because they say performance would suffer if they did; but that is ridiculous. When the branch manager takes a two or three day vacation, performance can also unexpectedly improve. But there are a few conditions for it to do so. One depends on whether the branch manager has adequately trained his employees, the vice-branch manager and deputy branch manager, to work as they should when he leaves the branch unattended. Another depends on whether anyone at the second-in-command level or below is confident he can run the branch in the branch manager's absence without much of a problem. This is precisely what was described earlier as the situation when "authority" is almost infinite. One night the branch manager, with some reservations, says good night [and leaves] before the others. When he is gone, the deputy branch manager is in charge and he becomes king of the mountain for the day. It is the branch manager who creates the right opportunity and then the deputy branch manager who takes that opportunity. A section head can have several immediate subordinates. The operations section chief, for example, has the "authority to make many decisions" and potentially can influence his employees by training them. The branch is a "right of passage" where the section head can become the deputy branch manager and the deputy branch manager the branch manager.

**Orchestra and Baseball Managing**

A bank is a lot like [conducting] an orchestra. There is only one person who can wield the conductor's baton and that is the branch manager. But at the same time, it is the concert master who organizes the orchestra and creates the music by controlling the sounds of the different instruments. The NHK symphony was known world-wide not only because the quality of the orchestra members was high, but because Tsugio Tokunaga was the concert master. A branch that has a deputy branch manager like Tsugio Tokunaga is powerful. And the ensemble, or the sound with harmony, is a microcosm of society and is exactly like a bank branch comprised of 20-40 people. There is an aspect of [managing] a bank branch that is very similar to baseball as well. A ball flying straight toward a fielder has to be dealt with through the authority and responsibility of the fielder, and once hit the ball does not usually come straight [at him], but can go between right and center field or between the third baseman and short stop. If so, as a rule, the players cannot foist the ball off on one another saying: "It's yours, right" or "It's yours, center." [Likewise] three or four section heads have to call out to one another and once in a while take a difficult ball. To work as a team it is critical before dividing up coverage of the infield and outfield [to decide what] the parameters of one's own coverage and "authority" are. One should think about what room one is allowed to move around in and what authority is vested in one. This is really up to the branch manager and it is important for him to alternate section heads within the branch for the reason that it affords them an opportunity to think about these things. It is not very useful to think about the branch immediately in terms of the "authority" or "excess of authority" of the bank careerists, because calling to mind only the vertical organization of a branch in terms of the "authority" [each employee has there], automatically leads one down a blind alley. At the same time, if one paints a more down-to-earth picture of the branch with the branch manager focusing on the customers, one will immediately dismiss the "authority" of the deputy branch manager and section heads. "Authority" that is little more than a function of the internal logic of the branch, therefore, is completely infinite. In "Hakone no Saka," Ryotaro Shiba said to Soun Hojo: "Soun, sir, take me with you wherever you go. If you tell me to die by the arrow, I will readily die." In all earnestness Soun said to him: "If anyone is hit by an arrow, I will be the first and you Kojiro will die by the second arrow." It would be very gratifying if a branch manager were to say these well-chosen words to the deputy branch manager in the event of a branch crisis. There was an interesting passage in an article in the "Kumo" [Cloud] column of the 17 June issue of SHUKAN TOYO KEIZAI entitled "Authority and Responsibility." It was stereotypical and read almost like a script, "that jerk acts as if he were a department head when he's not even fit to be..." Of course, no matter how fairly one looks at it, in this world some personnel actions are going to be inappropriate and there will be no end to tiresome things. With a little liquor, some griping is bound to occur. But it is par for the course in the organizational structure of the Japanese corporation for a boss to be overbearing because that structure was built on the "idea of authority." It may be a good idea to start the discussion about bank branch "authority" here at the organizational structure since it is the beginning.

## Bank Branch Manager Role Viewed

*952A0707B Tokyo KINYU ZAISEI JIJO in Japanese 10 Jul 95 pp 49-50*

[Article by Ozaki]

[FBIS Translated Text]

**What Makes a Great Branch Manager?**

The role of a branch manager at a financial institution can be broadly divided into "business promotion" and "developing human capital." Managing both by oneself is very difficult and requires delegating some of [the work] to subordinates. The [question] is whether when doing so one should become a player/manager and put a lot of emphasis on leading the branch step by step or one should devote oneself entirely to management. The issue requires consideration of the relationship with one's middle managers, the deputy branch chief and section heads. If one thinks about it, "how good the branch manager is depends upon how [he] treats people," according to one city bank branch manager. Normally, the authority of a branch manager at a financial institution to approve a loan, for example, and the authority of the deputy branch manager and section heads are strictly circumscribed by headquarters; but in many instances the know-how involved in managing employees and branch performance depends heavily upon the individual branch manager and can vary among different branches of the same bank.

### The Type Managing an Outstanding Branch

The management style of branch managers can be broken down into two types. The first is the "branch manager who manages all of the employees by himself;" and the second is the "branch manager who entrusts management to his subordinates." According to personnel at one city bank, "one cannot say which of the two styles is better." Typically, a branch manager is somewhere between the two extremes. But it appears that the preferred style for the healthy growth of a financial institution is to some extent inevitably determined by the circumstances of today's financial institutions and the position of the branch and its branch manager. Under the former "branch manager who manages all employees by himself," it is very difficult to have any "down time" in the branch. The benefit to this is that the employees are always under the impression that they are being watched by the branch manager and this elevates their morals. Many times, when promoting a sale the branch manager, who usually has much more experience than the deputy branch manager and section heads, will do [everything from] giving direct instructions to the employee in charge [of the sale] to the follow-up. This behavior stimulates the atmosphere of the branch over time. According to one city bank branch manager, "most sales offices chosen as outstanding performers are branches run by this type of branch manager." However, the downside to this is that in the meantime the deputy branch manager and section heads are often "not trained during that branch manager's tenure" to be entrusted with management [responsibilities], according to one city bank branch manager. Sometimes, it is only the branch manager who performs well at the mediocre branch where he assumes his new post and only he leads a stellar existence while there. Typically, a branch such as this, where the employees are left to go barely trained, goes on during the next branch manager's tenure to fall apart. (Of course, the quality of the subsequent branch manager is an issue, so one cannot say decisively [whether this would occur]).

### "Entrusting" Management to Subordinates is Ideal

On the other hand, the real point of a "branch manager who entrusts management to his subordinates" lies in his increasing his subordinates' motivation to do the work they are entrusted with. "Relying on them as a way to foster their talent is better" than anything. If the immediate goal of a branch is business growth, then the long-term goal of the branch and of the bank as a whole is to foster its human capital. Because formulas for evaluating a [bank's] performance are currently almost completely devoid of this dimension of fostering human capital, it is fair to say that formally including it [in an evaluation formula] will not be possible in the future. So whether the branch manager does so or not depends largely upon his morals. If asked for their sincere opinions, most branch managers say that the second [management] style is ideal if growth of the business is secure. Nevertheless, it is surprisingly difficult to opt for the latter management style because most deputy branch managers and section heads have exceptional practical skills, but not management capability, which gives rise to the fear that a bottleneck will emerge when management is entrusted to the [deputy branch manager and section heads] and that the branch will not be able reach its full potential. The risk to the branch of this happening is substantial given that business expansion cannot be ignored, but opting to rely on trained middle managers requires considerable resolve even if one accepts this risk. Conversely, opting for the latter is relatively easy at a branch where the management capability of the deputy branch manager and section head have been refined.

### Approaching Work From a Higher Level

The concern of most branch managers lies in their not being able to completely trust the management capability of deputy branch managers and section heads. One city bank branch manager confides that "the branch manager should not go out much to make the rounds" for the following reason. Branch employees have two types of jobs; either they do "office work" or "external affairs." External affairs has the responsibility of going out to visit customers, but the rest of the employees—about two thirds—normally work inside the branch. Some people think that when the branch manager devotes all of his time to external relations work, the "other employees" "conclude that [the manager] has only minimal interest in the sections they work in." In addition, if office work and sales promotion are the wheels that propel the car, people think that "if there is any extra time, approximately sixty percent of it should be devoted to office work and planning within the branch." This is the first reason. The second reason is that if "[the branch manager] is out of the office for long, [he] will have less time to look over the loan approval proposals that circulate around the branch." There was a time when branch managers stamped the circulars without really checking what they said. Now, some bank employees are so lax that "it is dangerous not to look at the documentation down to the minutest detail. In the worse cases, the documentation may even be contrary to what the customer is saying." "In the old days it was possible to check the documentation during overtime hours; but now at branches where people go home early, you have to finish the work during the day;" and as a result, the branch manager has less time to make the rounds of the branch's customers. Operations like checking the loan approval proposals could be reduced considerably with the right support from the deputy branch manager and section heads, because the circulars, for one, should be stamped several times prior to reaching the branch manager. But because the stamps cannot be trusted now, having the circulars superficially checked once by everyone is pointless. Some say that "the deputy branch manager and section heads should approach their work from a higher level." In other words, they ought to approach their work with the attitude that "the buck stops with my stamp." Barring this, the responsibilities associated with being a branch manager will become increasingly burdensome, ensuring that the day when the deputy branch manager and section heads can be entrusted with management authority will remain in the distant future.

### Editorial Urges Stepping Up Financial Reforms

*OW1210104195 Tokyo NIHON KEIZAI SHIMBUN in Japanese 9 Oct 95 Morning Edition p 2*

[Editorial: "Do Not Indulge in the Benefits of Reversal of Yen Appreciation; Step Up Financial Reforms"]

[FBIS Translated Text] The instability of the Japanese financial system may upset the world economy. The G-7 conference of finance ministers and central bank governors, held in an air of crisis, issued a joint statement on continuing coordination to correct yen appreciation and dollar depreciation. Many participants called on Japan to take prompt steps to settle the bad-loan problems of its banking institutions. The Japanese monetary and financial authorities should not be content with just reversing yen appreciation; they must act quickly to clear up financial anxieties.

The "Japan problem" has never been a main topic at the G-7. Japan was sometimes criticized at the G-7, but mainly for being a country with an excessive surplus and being the lone winner in the world economy — never for being an economy groaning under a bad-loan burden.

On the surface, Japan's positions on foreign exchange and other issues seem to have been upheld at the G-7, but not entirely as a result of excellent Japanese monetary diplomacy. The monetary authorities of all countries are simply well aware of the danger of forcing financially troubled Japan into a corner. Not mentioning Japan's bad loans in the G-7 joint declaration was just the obvious option, considering the seriousness of its impact on world financial markets.

On top of the enormous bad loans, the international credibility of Japanese banking institutions has deteriorated in light of illegal transactions by Daiwa Bank's U.S. branch office. Japanese banks are being charged interest premiums in the European market, heralding the danger of a Japanese-induced international financial crisis.

The recent G-7 meeting again demonstrated the common interest of all nations in continuing to correct dollar depreciation. Robert Rubin, U.S. Secretary of the Treasury, declared his "support for a strong dollar." Hans Tietmeyer, president of the German Federal Bank, pointed out that the G-7 nations agreed the current foreign exchange policy is appropriate.

As a matter of course, monetary authorities should correct excessive depreciation of the dollar through coordinated action. However, it has also been proven time and again that in the post-Plaza Accord era, monetary authorities can no longer guide the market as they wish. There is opposition in the United States, particularly in export industries, to any further reversal of dollar depreciation.

To continue reversing yen appreciation, the Japanese Government needs to reduce its current account surplus steadily by expanding domestic demand and deregulating. It will be a total disaster if we are content with returning to a 100-yen-to-a-dollar exchange rate and slow down our efforts at structural change.

Most important, utmost efforts should be made to revive the financial system. Although Finance Minister Masayoshi Takemura explained to the G-7 the measures for liquidating bad loans, the question is whether the Japanese Government can implement those measures soon.

The problem of the housing loan companies (jusen) should also be resolved as soon as possible after management and administrative responsibilities are clarified. Use of public funds is inevitable. It is time to restructure banking institutions, revamp the financial administration system, and reform the entire financial system.

The recent trend towards reversing yen appreciation is partly a result of "Japan selling" in light of Japanese financial instability. Financial system reform is necessary to clear such anxieties.

### NTT Rebuts Breakup Plan, Proposes Deregulation

*OW0910091195 Tokyo KYODO in English 0831 GMT 9 Oct 95*

[FBIS Transcribed Text] Tokyo, Oct. 9 (KYODO) — Domestic telecommunications giant Nippon Telegraph and Telephone Corp. (NTT) rebutted Monday [9 October] a breakup proposal by a governmental advisory panel and instead sought deregulation of the market to promote competition.

NTT, in a report submitted to the Posts and Telecommunications Ministry on Monday, said the proposed division of the company into long-distance and regional entities will not help promote competition.

The report was designed to rebuke a proposal for the company's division made by the ministry's advisory panel last week.

The report called on the ministry to remove regulations on service charges and ease controls on the inflow of foreign capital into Japan's telecommunications market.

The former government-controled monopoly also sought the establishment of basic rules for the opening of its communications network to rival companies.

The report argued that profits made in the long-distance service are used to make up for its losses incurred in the unprofitable regional service to remote areas, and the company's division will cause inconveniences to residents in these regions.

The breakup will also obstruct corporate plans to build and operate their own communications networks nationwide, the report said.

### Keidanren Seeks Comprehensive Tax Reform

*OW1110104095 Tokyo KYODO in English*
*0835 GMT 11 Oct 95*

[FBIS Transcribed Text] Tokyo, Oct. 11 KYODO — Japan's most powerful business organization called Wednesday [11 October] for a comprehensive tax reform in fiscal 1996 to revitalize the nation's economy and help revive its competitive power in the international community.

The Federation of Economic Organizations (Keidanren), a blue- ribbon business association of major Japanese corporations, said a sweeping review of income, consumption and asset taxes has to be conducted to rectify the imbalance between direct and indirect tax burdens.

The federation said the existing corporate tax level is too high compared with those of other advanced nations, and noted the need for the government to bring it down to internationally comparable levels.

"The level of corporate taxes, if left untouched, will accelerate a production shift overseas by Japanese corporations and cause foreign corporations to turn away from Japan, resulting in deindustrialization at home and the worsening of the employment situation," the federation's report said.

It said high corporate taxes have weakened the competitiveness of Japanese industry, particularly the manufacturing industry, reducing its ranking as a competitive power from top position to third place as reported recently by the World Economic Forum, an international organization.

The federation said the tax reform should be carried out as part of the restructuring of the Japanese economy.

It said the tax reform should be implemented in tandem with fiscal and administrative reforms.

Japanese corporations have been earnestly trying to restructure their operations, and "similar efforts are sought for the government and local entities as well," it said.

In particular, the federation said asset-related taxation should be overhauled promptly because it has a heavy impact on corporate earnings.

The federation demanded that the land-value tax be abolished, since it doubles the fixed assets taxes charged by prefectural and municipal authorities.

The federation also demanded that the tax rate on fixed assets remain unchanged through fiscal 1996 at least, and be lowered in fiscal 1997, as the tax burden shouldered by corporations rises at least 5 percent annually and "this high growth rate is unacceptable."

It called for a review of securities transaction taxes to help rejuvenate the stock market and for a continuation of income and residents' tax cuts in fiscal 1996.

### Business Leader Calls for Y10 Trillion Tax Cut

*OW0910144095 Tokyo KYODO in English*
*1246 GMT 9 Oct 95*

[FBIS Transcribed Text] Tokyo, Oct. 9 KYODO — Takuya Okada, chairman of Jusco Co., on Monday [9 October] called for a 10 trillion yen tax cut to help revive the flagging economy.

"If a 10 trillion yen tax cut is implemented at the end of the year, the economy should recover," Okada said at a press conference held at the Nagoya Chamber of Commerce and Industry.

"To boost the economy, recovery of consumer spending is indispensable. The large-scale tax cut is the best way to achieve that goal," he said.

Okada said he is pessimist about the economic outlook, and called on the government to take measures to stimulate consumer spending.

## Standardization of Computers, Electronics Viewed

*952A0810A Tokyo EKONOMISUTO in Japanese 12 Sep 95 pp 62-64*

[Article by Kotaro Nawa, Professor, Shinseki University: "An Era of 'Escape From Standardization' Has Arrived Because of Market Leadership"]

[FBIS Translated Text] Recently, advanced countries began competing to build infrastructures for next-generation information. Every plan states that the next-generation information-infrastructure: first, must be connected in a seamless manner, second, the elements required in order to do that are interoperability and interconnectibility of applications and networks, and third, the key to realizing these lies in development of standards.

Concerning this point, the chair's summary of the G7 [Group of Seven—United States, Japan, West Germany, France Britain, Italy and Canada] information summit, which was held at the end of February this year, set forth the policy task of "pursuit of interconnectibility of networks and interoperability of services," and said that it should be realized "by a standardization process which encourages market-led and open interfaces." This statement is vague. This lies in the point that while one hand says "market-led," on the other it adds "open" (the expression "open" is understood in the meaning "open access," in other words "resembling public property"). If that is so, this expression, while telling people to have interconnectedness and interoperatibility be market-led, can also be interpreted to state that that alone is not sufficient. One can say that the various questions related to current technical standards are concentrated in this. I mention in passing, that interface refers to standards for the equipment (hardware and software) and procedures required in order to connect two or more systems.

### Retreat of Official Standards

By the 1970's segregation of niches had developed in standardization of applications (information processing) and standardization of networks (telecommunications). The ISO (International Standardization Organization) and the IEC (International Electrotechnical Commission) took charge of the former, and the ITU (International Telecommunications Union) took charge of the latter. The former are international organizations made up of private groups from each country; the latter is an intergovernmental organization based on an international treaty.

That is, even though they were both called international standards, in regard to legal force, the former were no more than voluntary rules, but the recommendations of the latter were reflected in the domestic laws of each country. The markets were also independent of each other. In the field of information processing many companies carried on fierce competition, and the specifications of products which accounted for a large market share were recognized as the "practical standard" as a result. A practical standard refers to a standard which is not an official standard, but which is widespread.

On the other hand, in the domain of telecommunications, every country had a public utility which monopolized the market (The United States alone had a huge private company), and these were establishing uniform official standards under the doctrine of universal service (universal and equal). This kind of segregation of niches ended up being lost because of the introduction of competition into the telecommunications market which was done in the 1980's. All sorts of entrepreneurs entered the telecommunications market, and came to provide new diverse services there. The result was that diversification of standards is developing in the telecommunications field also. Another thing is that the technological fusion of information processing and telecommunications which developed throughout the 1980's brought the information-processing field's doctrine of competition into the communications field, and diversification of standards was spurred on still more by this. Originally, international standardization organizations were so centered in Europe that they were called the Europe Club. From the end of the 1980's the nations of Europe have aimed at market integration, so they have also attempted active systematization in regard to standardization.

Therefore, they established the ETSI (European Telecommunication Standards Institute) with the objective of devising uniform standards in Europe's telecommunications field. On the other hand, the United States has a Monroe Doctrine-type idea which holds that its own large market was sufficient, and was in a business environment which looks with favor upon market competition. In this sense, the United State's standardization organizations are dispersed, and such entities as the ANSI (American National Standards Institute), the IEEE (Institute of Electrical and Electronic Engineers), and the T1 (Telecommunications Standards Committee) are making widely varied statements. The situation is such that Congress' (Bureau of Technology Assessment) warned several years ago: "if things go on like this, the United States will lag behind Japan and Europe." With this kind of background, in the 1990's the ETSI began a fierce fight with U.S. companies. It arose concerning standardization of digital portable telephones. Europe employed the GSM [Global System for Mobile Communications] method, but it became clear that in putting this standard into effect it would have to use several dozen patents held by over a dozen companies. From the outset, every standardization organization had established the condition: "In a case where an official standard includes patented items, the patent holder will, by rational and nondiscriminatory conditions, approve use of the patent by any applicant whatsoever." In the telecommunications field, partly because there were not many entrepreneurs, provision of patents without charge and in a non-discriminatory manner was done as an industry practice. In other words, there existed the idea that an "open type" standardization process has priority. The ETSI tried to advance this practice one step further. It set forth a plan in which: "In a case in which a patent is included in a standard, the holder of said patent will provide a written pledge saying that the holder will permit use of the patent by rational and nondiscriminatory conditions." U.S. companies opposed providing this written pledge. They protested that it would limit intellectual property rights as an incentive to market competition and would violate fair trade and fair competiton. The ETSI plan ended up being emasculated by this dissenting statement. At that time, the standardization process shifted to a "market-led type" in the communications field too.

## Practical Standards

As to the activities of international standardization organizations, because the number of participants has grown and the number of standardization items has increased, agreement has come to lag behind. In a time of intense technical progress, companies would end up lagging behind in competition if they were following a standardization process which advances slowly. Because of this, in the market practical standards gradually began to encroach upon official standards. For example, in the computer-network field it took all of 10 years for establishment of the OSI [Open Standards Interconnection] official standard, and at that time the TCP/IP [Transmission Control Protocol and Internet Protocol] practical standard had already spread throughout the world. In the midst of this kind of environmental change, the standardization organizations are beginning attempts to introduce practical standards into official standards, but the pace is very slow. Companies which are staking their survival on market competition cannot wait for the lag in the activities of the standardization organizations. Therefore, they take their own company standards as practical standards, and act to try to establish their preference in the market. For example, they plan to spread their own standards by doing such things as placing their own company's standards on the Internet free of charge. Because, by doing this, they can outmaneuver standardization organizations, which try to maintain the organization by income from publication of standards. Even if this action is extreme, many companies voluntarily form consortiums, and try to push ahead with technical development and standardization in parallel, and promptly ship to market new products and services gained by this. The ATM [Automated Teller Machine] Forum related to high-speed transmission exchange technology and DAVIC [expansion unknown] related to digital audio and video technology are already very active as this kind of consortium. Along with advancement of technology, it has begun to be impossible for a single company to monopolize a group of patents related to a new product. For example, if we look at it in regard to the MPEG2 [Moving Pictures Experts Group] standard for digitalization of images, in the standardization process at the ISO/IEC well over 100 companies are participating by each contributing their respective patents. The result is said to be that in America alone there are 700 patents connected with this standard. In this kind of environment, the patent rules of the previously mentioned standardization organizations do not function. Therefore patent holders form a pool of required patents, and groups came into being which concentrate on the function of treatment of rights. The problems are whether all holders of required patents participate in the patent pool, and who decides, in what way, whether a patent is required. But if one forms a pool of patents, there develops a danger of violating the Anti-Monopoly Law by limiting competition. In order to avoid this risk, patent-pool groups are taking the action of making the results public by nondiscriminatory and rational conditions.

## The U.S. Style is the Mainstream

When we follow the path this way the meaning of the "market-led type" and "open type" which we showed at the beginning become clear. The market-led type refers to the U.S. style standardization process which shows overwhelming strength in the computer and audio-visual fields, and the open type means the orthodox standardization process which respects official standards, which Europe and Japan have supported. And the fact that both were written means that, actually, the U.S. type standardization process was recognized at the information summit along with the orthodox standardization process. The result is that ITU-type discipline will gradually be lost, and competition in standardization which transcends borders will probably come to be carried on in the form of market competition, with patents as the core. International links between countries concerning personal computer OS [operating systems] and digital laser discs have already appeared. No kind of official standard can block this trend. Because agreements on technical barriers to trade prohibit, in principle, technical standards becoming non-tariff barriers, and agreements on the trade aspect of intellectual property rights also prohibit, in principle, limiting those rights even in regard to patents which hinder establishment of official standards. The result is that it will become easier for market-led type U.S. standards to invade the Japanese and European markets. Under this kind of environment there will be little hope for uniform standardization in advance, so it will probably mean that products and services with diverse standards will exist together. In fact, in the United States seven types of standards are about to be recognized by the TIA (Telecommunications Industry Association) and T1 in regard to personal mobile communications. I published an article titled "Anarchism Will Thrive in an Information Society" in EKONOMISUTO over 10 years ago. I predicted that a time of escaping from standards would probably arrive in due course (issue of 21 November 1983). That is now becoming a reality. Originally, standards were unique criteria. They were hurled into competitive markets and came to multiply. We are obliged to create a seamless information infrastructure under this kind of environment of multiple standards. It is unpleasant for the user, but it ought to produce what could be said to be an infinite number of opportunities for business.

## Official Says Northern Isles Bids 'Undesirable'

*OW1210095095 Tokyo YOMIURI SHIMBUN in Japanese 10 Oct 95 Morning Edition p 2*

[FBIS Translated Text] At a news conference on 9 October, Sadayuki Hayashi, deputy minister of foreign affairs, commented on two German and Icelandic companies' winning bids to supply equipment to fishery product processing plants on the islands of Kunashiri and Shikotan in the northern territories.

Hayashi expressed his displeasure, saying: "Companies of third countries accepting Russian jurisdiction — by conducting economic activities, for instance — or taking action premised on Russian sovereignty will abet Russia's illegal occupation. This is undesirable."

With regard to the steps to be taken to deal with the problem, Hayashi said: "We will think about them after verifying the facts. We have talked to the parties involved on several occasions at the proper time. We will think about what to do based on this." He indicated that he is considering asking the three nations involved to scrap their plans.

## 'Zoku' Politics Update Reported

*952B0212A Tokyo KANKAI in Japanese Aug 95 pp 42-48*

[Article by KANKAI political reporting team]

### "Zoku" Politics, Today ...; "Necessary Evil" in Political World; Change of Name to "Giren" [Diet members union]

[FBIS Translated Text] The Liberal Democratic Party (LDP) was degraded to an opposition party with the birth of the Hosokawa coalition regime the year before last and, for a time, "zoku [a group of Diet members who exercise policymaking expertise in a particular field acquired through service in the appropriate party policy deliberation committee] Diet members" were also on the verge of the crisis of annihilation; however, with the restoration of the LDP to political power, they once again have shown signs of recovery. However, a new policy decision system also has been created including both the Social Democratic Party of Japan (SDPJ) and Sakigake under the coalition regime and zoku Diet members have difficulty in demonstrating the same power as before. In addition, the relaxation of regulations and administrative reform have surfaced as the main policies of the regime and with the existence itself of zoku Diet members who protect vested interests is becoming an obstacle to the regime. It seems that the system of "zoku Diet members" somehow is approaching a complete turn in the road.

### Zoku Diet Members Supported Iron Triangle—Politics, Bureaucracy, and Industry

Before dawn on 22 October 1994, a huge budget of 6.01 trillion yen was approved under the pretext of the costs of agricultural measures for accepting the rice portion of import liberalization in the GATT Uruguay Round accord in government and coalition government negotiations.

A considerable portion of that will be used in agricultural civil engineering projects as provision of a production base. Looking at that decision process, however, just the decision on an amount was made in advance and it received the criticism that there was little debate about whether or not this really would serve to protect Japanese agriculture, which is facing a rice liberalization era. The conclusion to "first have the amount" was an event that certainly re-recognized the revival of zoku Diet members.

Furthermore, it is not just zoku Diet members that are being revived, but also Diet member leagues called "giren" are being created one after the other aimed at new vested interest fields. "My image does not appear to be that of a white-collar worker, but I have worked in a construction machinery company and an ad agency. The preschool tuition burden is heavy and I have persevered to have my daughter in the senior group at least one year. I felt lonely. There is no political force that speaks on behalf of the real feelings of white-collar workers. The Shinshinto also wants to expand into activities that have never been undertaken."

On 15 June this year, Yuichi Ichikawa, the political affairs chairman of the party, spoke about the difficulties of his white-collar days at the general meeting to form the "League of Shinshinto Diet Members Who Have Been Private White-Collar Workers" (Chairman: former Prime Minister Tsutomu Hata) which Diet members who have been private white-collar workers formed.

The Shinshinto opposition party organized this to broaden support for the white-collar class. Behind that, of course, an awareness is strongly at work of trying to strengthen ties with Rengo aimed at the House of Councillors election and the next House of Representatives election.

In addition, the rush of a jumble of ruling and opposition party giren which occurred last year in the multimedia field, which has been regarded as a growth industry, was a characteristic event.

In so far as it will be big business with a related market of 123 trillion yen and creation of employment for 2.43 million people in 2010 in test calculations by the Ministry of Posts and Telecommunications (MPT), the former coalition ruling party in the Tsutomu Hata regime era inaugurated the "League of Diet Members Promoting Multimedia" (Kozo Watanabe, chairman). Not to be outdone, the Liberal Democratic Party (LDP) established the "Multimedia Round Table." (Keizo Obuchi, chairman).

In addition to these, young Diet members, centering on House of Representatives Diet Member (at the time) Masayasu Kitagawa who now has become governor of Mie Prefecture, created the "NEW-WIC Diet Member Forum."

A rare phenomenon occurred in which giren with the same name of "League of Diet Members Promoting the Information Industry" were created by the LDP and Shinshinto with this MPT-affiliated giren on the one hand and a Ministry of International Trade and Industry (MITI) affiliate also. In a sense, such giren probably should be called the zoku Diet member reserve force.

On the occasion of the Recruit affair and Kanemaru tax evasion incident, the iron triangle of "politics," "bureaucracy," and "industry" that was created under the long LDP regime suffered strong criticism from public opinion. It was the existence of the "zoku Diet members" which supported this triangle in the political world.

The general definition of "zoku Diet members" is thus: Formerly, during the long-continued LDP regime, naturally, important policies came to be decided among the LDP and various ministries and agencies, and specific Diet members, particularly centering on subcommittees of the LDP Policy Research Council, deepened their relationships with specific ministries and agencies and industrial circles. As a result, legislators were formed who held great power related to policy decisions and commanded great power over the "bureaucracy" and "industry," and at the same time, built a base of acquired vested interests. They came to be called "zoku Diet members."

The agricultural and forestry zoku, the construction zoku, the commerce and industry zoku, the education zoku, the post and telecommunications zoku and the transport zoku are famous. All are simply fields where the vested interest structure has spread nationwide, and conversely, so far zoku Diet members have not been cultivated much at all in fields such as the environment, justice, or science and technology.

In the era of the LDP one-party regime, it was a system which successively appointed those who had won election three times to the post of parliamentary vice minister and thereafter to chair party subcommittees and upper and lower house committees each time they repeatedly won reelection, and while they were becoming well versed in that field, they built a fat pipeline both to the related ministries and agencies and to industry.

In a field which almost all legislators desire, like construction, fierce post competition developed among Diet members. Among them, for example, there was a mechanism whereby Diet members further selected from among the people who successively had served as construction parliamentary vice minister, chair of the party Construction Subcommittee, and chair of the House of Representatives Construction Committee were recognized as the construction zoku. Former Minister of Transport Kanezo Muraoka and others have had experience in all of these three posts and currently exist as the center of the construction zoku. However, there also are examples like Ichiro Ozawa, secretary general of the Shinshinto, who only has had experience as construction parliamentary vice minister in his LDP days, but has wielded power as a boss of the construction zoku.

Going back over the history of zoku Diet members, their existence came to be recognized from around the latter half of the 1960's. It can be said that it bore fruit when

Diet members who had compiled experience in the LDP Policy Research Council began to acquire real power such that they could cross swords with the bureaucracy.

The influence of LDP Diet members increased, weakened the influence of the bureaucracy who had grasped policy decision power in one hand, and began to create a situation that came to be symbolized by the words "toko seitei or party-high, politics-low." [pun on weather phenomena of high pressure in the east (toko) and low pressure in the west (seitei).] Zoku Diet members took up their positions in ministries and agencies in formation of the budget and depending on the case, it also occurred that they demonstrated more power than the minister.

In this process, the legislators themselves also have deepened their ties with specific ministries and agencies and as a result, the legislators themselves have shown a tendency to specialize in policy. First of all, they have studied the actual situation of that ministry or agency as parliamentary vice minister and know the network of people. Next, as chair of a party subcommittee, they have decided on specific policy, legislative bills, and budget together with the bureaucracy. Then, as chair of a House of Representatives or House of Councillors committee, they actually have approved the bills that were submitted by that ministry or agency. While growing as a zoku legislator acting this way, they naturally have become united with a specific ministry or agency.

Furthermore, as the high economic growth trend dulled and pies such as the budget began to be limited, it cannot be denied that opposing interests intensified among government agencies and in accordance with that state of affairs, zoku Diet members who acted on behalf of the interests of specific ministries or agencies and captured a rather large number of pies came to increase their power relative to the bureaucracy.

**Birth of Coalition Regime Gave Reform to "System"**

Within the triangle that has been created this way with zoku Diet members as the axis, a system of interests in which the three parties benefit has come to work: "politics" receives the benefit of the placement of public works projects from the "bureaucracy" and money and votes from "industry." The "bureaucracy" obtains assistance from "politics" in approval of bills and secures golden parachute destinations from "industry." "Industry" can protect its interests by the actions of "politics" and the "bureaucracy."

The various merits and demerits so far of zoku Diet members have been discussed. For example, not only has politics been recaptured from bureaucratic leadership to political leadership, but it also is a fact that zoku Diet members have come to function in the role of reconciliator in cases of individual interests clashing with each other that would be chaotic if left unattended.

However, the abuses have been greater and regularly are the target of criticism. In order to become a zoku Diet member, a legislator endeavors to understand a government agency rather well, accepts bureaucratic thinking, and ultimately, it is difficult for criticism to come out against policy created by the bureaucracy. Although inherently new politics should be born by politicians criticizing and challenging bureaucratic logic, that has been lacking and the aspect of zoku Diet members equal bureaucracy/government agency sympathizers has been prominent.

On the administrative side also, an unconscious snuggling up to the LDP regime was seen. It was the figures of bureaucrats working hard for the Hosokawa regime that most angered and shocked the LDP which was degraded to an opposition party. That was because although inherently the bureaucracy should have such an existence, many LDP legislators had thought of the bureaucracy as an LDP think tank. Such an aspect cannot be denied in the discord between the LDP and Ministry of Finance since last year, particularly with the previous Administrative Vice Minister Saito.

Moreover, there was the problem point that since policy decisions were made among LDP subcommittees, zoku Diet members, and top bureaucrats, the policy decision process completely disappeared from the eye of the public.

Since opposition party zoku Diet members asked questions in the Diet on the Recruit affair because of this, the unnatural phenomenon occurred that zoku Diet members of the ruling party did not have a problem even though accused of a crime. This was because the zoku Diet members of the ruling party, different from the Diet with LDP subcommittees, always consistently contributed to policy decisions as an activity within the party. In so far as it is clear to anyone with eyes that the possibility is high that the zoku Diet members of the ruling party who inherently have direct influence on policy participate in graft, it has formed the basis of criticism against the zoku legislators.

It was the formation of the non-LDP Hosokawa coalition cabinet which occurred following the collapse of the Miyazawa LDP cabinet in 1993 that pressed for reform from the ground up on what these zoku Diet members should be.

Somewhat of a separation has been created between zoku Diet members of the LDP and the bureaucracy. The most characteristic was the formation of the fiscal 1994 budget. Since they were degraded to an opposition party, LDP zoku Diet members could not participate in the budget formation as in the past and their activities as zoku legislators came to a stop so that LDP officers uttered a cry that "the influence of the party will disappear if budget formation is carried out two or three times with our still being an opposition party."

Actually, there should be many bureaucrats that feel that the existence of zoku Diet members is disappearing. With the loss of power by politics which had come to be symbolized by zoku legislators, the bureaucracy has come to the fore and received the criticism of bureaucrat-led politics.

It is true that at this time also former Shinseito Diet members, many of whom were zoku Diet members previously in the LDP while it was the ruling party, have shown a move to try to form again zoku Diet legislators. The "Information and Communications Diet Members Round Table" which developed the aforementioned "League of Diet Members Promoting the Information Industry," the "League of Diet Members Promoting Private Preschools," the "League of Diet Members Promoting Special Schools and Various Kinds of Schools," and the "League of Diet Members Promoting an Affluent Auto Society" have been inaugurated one after the other.

However, in 1994, with the inauguration of the Murayama coalition regime by the three parties of the LDP, SDPJ, and Sakigake, the LDP has been restored as the ruling party in a scant one year and zoku Diet members of the LDP who had been demolished are regaining power once again.

Since they have formed the ruling party with the SDPJ and Sakigake, however, the current situation is that they do not wield power as they did in the days of their one-party rule.

That is because the policy decision system as a coalition ruling party has been created anew. It is a mechanism whereby a coordinating council of the three parties has been created for each ministry or agency and it is finally decided in the ruling party Policy Coordination Council by the council chair and others.

The fact in particular that Sakigake, a political party of Diet members with little experience as legislators, is included has brought great influence. Since they are all Diet members who have won election three times or less and since the other parties also have produced Diet members who correspond to them, the members who comprise the various coordinating councils are relatively young. Moreover, the decisions of the various coordinating councils often are passed as is by the ruling party Policy Coordination Council. The aspect of bureaucrat leadership is still strong now, and it appears that there are many cases where the power of zoku legislators is working behind the scenes, but it seems that this coalition regime will continue a long time and there is a possibility that the power of zoku Diet members will be relatively weak.

### Upper and Lower House Elections Eventually To Come Will Change The Form of Zoku Diet Members

Furthermore, the awareness is spreading little by little among politicians, particularly those with real power in the ruling and opposition parties, that politics will not go smoothly in the future so long as there is this zoku Diet member system.

On the occasion of the establishment of the first supplementary budget draft for fiscal 1995 that was approved in the regular session of the Diet, a fierce tug of war developed between those responsible for policy in the government ruling party and zoku Diet members.

Those responsible for policy aim to reform the economic structure, and their idea especially is to lessen the economic repercussion effect in the former way of building bridges and roads up to now in public works projects. Koichi Kato, chair of the LDP Policy Coordination Council, and others are the leaders, and saying that "We have reached a limit in the previous allocation of public works projects," has advocated that the budget be allocated on a priority basis to new fields such as science and technology and information and communications that have been treated coolly in previous budget formations.

Zoku Diet members related to public works projects centering on the construction zoku are fiercely opposed to this. The LDP Special Committee on Execution of Public Works Projects leveled demands that 1) the execution of public works projects in the first half of fiscal 1995 be moved up over 75 percent and 2) a supplementary addition to general public works projects be implemented with discretion. They even flung out the opinion that public works projects for Yamagata Prefecture, the home of Policy Coordination Council Chairman Kato, be made zero in the first supplement.

This comes from the concern that the public works project budget will be decreased by budget allocation in new fields, and by the resolution, tacitly seeks a large-scale overlay of public works projects in the fall second supplementary budget. This opposition between the zoku Diet members and the government/ruling party executives inevitably will develop again with the budget ceiling of the next fiscal year which will begin in summer and in addition, the fall fiscal 1995 second supplementary budget bill formation.

Since the Hosokawa coalition regime, a review of the inflexible budget allocation system has become a historic proposition among those in charge of the regime. That is because it has become indispensable to bring out their distinguishing mark as a regime. However, zoku Diet members greatly stand in their way.

It is not just the budget. It has become an era when the economy is changing from high growth to low growth and politics must change willing or not. That is why the relaxation of regulations and administrative reform similarly have become the biggest issues of the regime for both the Hosokawa regime and the Murayama regime, even though the ruling and opposition parties have changed places.

In the Hosokawa regime, an increase in wages as before was not desired in order to protect employment under a recession. That being the case, the lowering of prices was the only way to prevent the erosion of wages substantially. The freezing of public utilities rates was carried out from the thinking that relaxation of regulations was by all means necessary for this.

In the Murayama regime, administrative reform, particularly the consolidation, abolishment, or reorganization of special corporations, was conducted from the thinking that "the government also must shed some blood if a new burden on the people is sought" in approving an increase in the consumption tax. It is still fresh in our memories that the government agencies that had jurisdiction over the targeted special corporations, mobilized the zoku Diet members and put up resistance. The Ministry of Finance and others were not particular in seeking the cooperation not only of zoku Diet members, but also both former Prime Ministers Noboru Takeshita and Kiichi Miyazawa, and worked to get the Chairman of the Policy Research Council Kato who was advocating consolidation, abolition, or reorganization to abandon it.

Looking at politics in the future, however, with the further advancement of internationalization such as deregulation of rice, it cannot be conducted just by the continued protection of vested interest like before. It seems that scenes have increased in which they have been forced into opposing vested interests as opposed to being a supportive force as previously, in order to maintain the regime. For this reason, it seems that zoku Diet members increasingly have the painful role of conversely persuading the "bureaucracy" and "industry."

That being the case, a drop in the power of zoku Diet members cannot be avoided. In addition, in becoming the era of coalitions, ruling and opposition parties can be reversed at any time and the previous ties between government agencies and Diet members unmistakably is weakening. The advance of political reorganization through the House of Councillors election and in addition, the House of Representatives election, is inevitable, and the real situation is that it is difficult to predict what the future will be for zoku Diet members who are beginning to come to life again.

**Major LDP Zoku Diet Member Organizations**

| Zoku | Organization | Chief Zoku Diet Member | Chief Opposition Party Diet Member |
|---|---|---|---|
| Construction | Construction Subcommittee | Tamisuke Watanuki | Ichiro Ozawa |
| | Road Research Council | Kanezo Muraoka | Mamoru Nakajima |
| Agriculture and Forestry | Agriculture Subcommittee | Kosuke Hori | Tsutomu Hata |
| | General Agricultural Policy Research Council | Shoichi Nakagawa | |
| Commerce and Industry | Commerce and Industry Subcommittee | Seiroku Kajiyama | Kozo Watanabe |
| | Oil and other Resource and Energy Measures Research Council | Kabun Muto | Takeshi Noda |
| | | Sadanori Yamanaka | |

| Zoku | Organization | Chief Zoku Diet Member | Chief Opposition Party Diet Member |
|---|---|---|---|
| Transportation | Transportation Subcommittee | Hiroshi Mitsuzuka | Mutsuki Kato |
| | Special Committee for Promotion of Bullet Train Construction | Masajuro Shiokawa | Toshihiro Nikai |
| | | Michihiko Kano | |
| Health and Welfare | Social Subcommittee | Ryutaro Hashimoto | Tatsuo Ozawa |
| | Social Security Research Council | Saburo Toida | |
| Posts and Telecommunications | Communications Subcommittee | Keizo Obuchi | Keiwa Okuda |
| | Telecommunications Problems Research Council | Hiromu Nonaka | Akira Fukida |
| Education | Education Subcommittee | Yoshiro Mori | Takeo Nishioka |
| | Education System Research Council | Kazuya Ishibashi | Hajime Funada |
| Finance | Finance Subcommittee | Tatsuo Murayama | Tsutomu Hata |
| | Financial Problems Research Council | Junichiro Koizumi | |
| | Tax System Research Council | Michio Ochi | |
| Labor | Labor Subcommittee | Nobuyuki Hanashi | |
| | Labor Problems Research Council | | |
| Defense | Defense Subcommittee | Taku Yamasaki | Ichiro Ozawa |
| | Security Research Council | Eiichi Nakao | Shigeaki Tsukihara |

### Coalition Agrees To Dismantle Cap on Party Subsidies

*OW1210133295 Tokyo KYODO in English 1305 GMT 12 Oct 95*

[FBIS Transcribed Text] Tokyo, Oct. 12 KYODO — The ruling coalition agreed Thursday [12 October] to seek an abolition of a ceiling on subsidies to political parties in a move that would benefit the two smaller parties of the three parties making up the coalition, coalition officials said.

The agreement takes issue with the current rules that limit the sum of subsidies to be distributed to a party to two-thirds of the party's annual income in the previous year.

The scrapping of the ceiling would pave the way for Prime Minister Tomiichi Murayama's Social Democratic Party and Finance Minister Masayoshi Takemura's New Party Sakigake to get more subdidies as they struggle to raise their income.

The Liberal Democratic Party, the dominant coalition partner, agreed to the abolition of the so-called "two-thirds rule" in exchange for support from the SDP and Sakigake in trying to return to the previous voting method for the House of Representatives of writing in a candidate's name.

At present, a voter is required to mark his or her favorite candidate name among printed names on a ballot under a system introduced last year as part of political reform bills.

With no lower house polls called since then, however, no general elections have been carried out under the marking method.

### 'Supraparty' Group Opens Tokyo Office

*OW1210153795 Tokyo KYODO in English 1501 GMT 12 Oct 95*

[FBIS Transcribed Text] Tokyo, Oct. 12 KYODO — Former Hokkaido Gov. Takahiro Yokomichi and senior members of the Social Democratic Party (SDP) and New Party Sakigake [Harbinger] on Thursday [12 October] celebrated the opening of the Tokyo office of their supraparty political group.

Yokomichi, Sakigake Secretary General Yukio Hatoyama and SDP Vice Secretary General Masanori Goto, who were among the founding members of the Liberal Forum Group, attended the ceremony to mark the opening of the office.

They set up the group after July's House of Councillors elections with the aim of creating a new political power to combat the two conservative forces of the Liberal Democratic Party and Shinshinto (New Frontier Party).

In the ceremony, Yokomichi said that the voices calling for a new political power can be heard in various parts of the nation.

He said he would try to amplify such voices and call for understanding of the move from the established political forces.

### Panel Calls For Review of Public Works Spending

*OW0910143895 Tokyo KYODO in English*
*1234 GMT 9 Oct 95*

[FBIS Transcribed Text] Tokyo, Oct. 9 KYODO — Government advisors agreed Monday [9 October] on the need to thoroughly review the nation's financial management, including the continued expansion of public works spending to stimulate economic activity, Ministry of Finance (MOF) officials said.

Japan's fiscal deficit, which has been accelerating since the bursting of the economic bubble of inflated stock and asset prices, is attributable not only to cyclical economic factors but also to structural problems, the advisers said at their first meeting as a subcommittee of the Fiscal System Council, according to the officials.

The council is an advisory panel to the finance minister. The subcommittee is due to craft basic measures to reconstruct Japan's finances by the end of this year so as to promote changes in its economic and industrial structures, the officials said.

The government last month released a 14.2 trillion yen economic-stimulus package including large additional outlays for public works. To finance the spending, the government will issue 4.7 trillion yen worth of government bonds, including deficit-covering bonds.

The planned issuance of government bonds is expected to bring the outstanding balance of issues to 221 trillion yen at the end of fiscal 1995, making Japan most reliant on government bonds for revenues among the five most industrialized countries, including the United States and Britain.

The International Monetary Fund is also urging Japan to reconstruct its finances.

Hiromitsu Ishi, chairman of the subcommittee, said Japan must promote fiscal reform because its deficit is internationally considered as a problem as serious as the unrest in its financial system.

A senior MOF official said that as the rationalization of individual spending programs cannot help to slow the worsening of Japan's finances, the subcommittee will discuss fundamental issues regarding the government's financial management.

## North Korea

### U.S. Urged To Provide LWR Infrastructure

*SK1310102695 Pyongyang KCNA in English*
*1008 GMT 13 Oct 95*

["The United States Advised To Play Their Part Faithfully" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, October 13 (KCNA) — The Democratic People's Republic of Korea and the United States will be forced to find another way if the prospect for signing an agreement on provision of light-water reactors [LWR] becomes gloomy even at the New York working-level negotiation on the issue.

This is stressed by NODONG SINMUN today in a signed commentary on the second working-level negotiation between the DPRK and the KEDO [Korean Peninsula Energy Development Organization], which will begin on October 16.

The future developments will be decided by the result of the soon-to-be-held negotiation, the analyst of the paper says, and continues:

The issue of signing an agreement on provision of light-water reactors is, in fact, a vital matter which is related to destiny of the DPRK-U.S. agreed framework.

What is most important in implementing the agreed framework is to strictly adhere to the principle of simultaneous act. This principle means that if we do one thing, the United States must do the same simultaneously.

As for the signing of an agreement on the provision of light- water reactors, it is important to solve the issue by political means. Just as we made a bold political decision to freeze the graphite moderated reactors, so the United States must employ a political means to provide us with light-water reactors. The main point is that the United States must admit that the DPRK cannot provide money before the light-water reactors is completed and is sure to be operated smoothly.

If the United States urges the DPRK to provide money beforehand as general trade activities go, defying this political character of the issue of the light-water reactors, the issue will never be solved.

So, the DPRK maintains that the United States must take full charge of all the aspects of the project from the provision of a complete set of light-water reactors to the construction of infrastructure according to the DPRK-U.S. agreed framework. This stand of ours is immutable and reasonable.

As for the signing of an agreement on provision of light-water reactors, the DPRK is also paying deep attention to the issue of safety and guarantee for their qualities. It is a very important matter related to our sovereignty for us to strictly examine whether a set of stable and useful light-water reactors are provided to us because they are planned to be built in Korea and are planned to be operated by us. So, there cannot be any concession or discount.

We will never allow any trifling element in the conclusion of the agreement if it is intended to do harm to our national security.

### Delegation Leaves for Reactor Talks in New York

*SK[illegible]10125495 Pyongyang Korean Central Broadcasting Network in Korean 1100 GMT 12 Oct 95*

[FBIS Translated Text] A working-level delegation of the DPRK left Pyongyang on 11 October to attend the negotiations for an agreement concerning the provision of light water reactors. The negotiations are to be held in New York between the DPRK and the U.S.-led Korean Peninsula Energy Development Organization.

At the negotiations beginning October 16, the sides will discuss the conclusion of an agreement concerning the provision of facilities for light water reactors in accordance with the DPRK-U.S. framework agreement dated October 21, 1994 and the DPRK-U.S. joint press statement dated June 13, 1995.

As part of the negotiations, experts from the two sides have held discussions in New York since September 30 on the wording of the agreement.

### Joint ROK-U.S. Military Exercise Viewed

*SK1310050195 Pyongyang KCNA in English 0440 GMT 13 Oct 95*

[FBIS Transcribed Text] Pyongyang, October 13 (KCNA) — The U.S. imperialist aggression forces present in South Korea and the South Korean puppet army will reportedly stage provocative "Fowl Eagle 95" joint military exercises from October 13 to November 17.

The spokesman for the South Korean puppet Defence Ministry made this announcement on October 12.

This year's military game, the 30th of its kind, is aimed at accumulating experience of the puppet Army and the U.S. forces in field operation and assessing the defence strategy in the rear, the commanding centre and telecommunications.

Their plan to stage a month-long military exercise with the mobilisation of huge Armed Forces proves that their criminal intention to aggravate the tensions and start a war in Korea is invariable.

### Daily Criticizes South's 'Suppression of Students'

*SK0610115395 Pyongyang KCNA in English 1055 GMT 6 Oct 95*

["Death-Bed Struggle of Those on Brink of Ruin" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, October 6 (KCNA) — Recently, fascist police broke into a campus where students were demonstrating and fired pistols in Yongi County, South Chungchong Province, and a puppet army officer fired blank shots to whip civilians to a military drill of reserve forces against the North in North Chungchong Province.

In a commentary NODONG SINMUN today says the Kim Yong-sam group's suppression of students in a campus demonstration is a crazy act that overshadows the preceding military dictators, who made themselves infamous with the fascist rule.

Such unprecedented military gangsterism as firing of blank shots to submit civilians to the coercive discipline of the puppet army in an anti-North military exercise can be perpetrated only by the Kim Yong-sam group, colonial war servants, says the paper.

The facts offer the South Korean people the conclusion that they must remove the Kim Yong-sam group of rare fascist tyrants and warmongers, at an early date, the paper stresses.

### Daily Views South's 'Fascist Gangsters'

*SK1310051295 Pyongyang KCNA in English 0445 GMT 13 Oct 95*

["Dangerous Act of Culprits of Kwangju Massacre" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, October 13 (KCNA) — Chon Tu-hwan and No Tae-u, military dictators of the "Fifth and Sixth Republics" of South Korea, staged a farce which they called "function celebrating the 40th anniversary" of their "installation" at the puppet Military Academy with more than 150 military gangsters, the eleventh-term graduates from the academy, participating.

Branding this as an open challenge to and provocation against patriotic and democratic forces of South Korea, the analyst of NODONG SINMUN today says:

The farce staged by Chon Tu-hwan and No Tae-u, military fascist gangsters who should have been hacked to pieces, under the patronage and connivance of the Kim Yong-sam group, threw a revealing light on their criminal intention to revive the military dictatorship of the "Fifth and Sixth Republics."

The Kim Yong-sam group is viciously trying to achieve stability in the latter half of office in collusion with the military gangsters of the "Fifth and Sixth republics". This is illustrated by the fact that they cried that the Kwangju incident must be "left to the judgment of history", that they declared killers Chon Tu-hwan and No Tae-u guiltless under the pretext of "prescription" and that they provided conditions for the military dictators of the "Fifth and Sixth Republics" to sit together for a fascist confab.

The South Korean people will never overlook the reckless acts of the "Fifth and Sixth Republics" dictators, who seek revival of the military dictatorship. They will by no means pardon the traitorous Kim Yong-sam group which joins hands with the main culprits of the massacre.

### Group Urges South To Punish Kwangju 'Culprits'

*SK0810012695 Pyongyang KCNA in English 1511 GMT 7 Oct 95*

[FBIS Transcribed Text] Pyongyang, October 7 (KCNA) — The Central Committee of the South Korean National Democratic Front [SKNDF] held an emergency meeting of its Standing Committee on October 3 and released an information in connection with the growing struggle of South Korean people from all walks of life to punish the principal culprits of the Kwangju massacre which took place in May 1980, according to Seoul-based radio Voice of National Salvation.

According to the information, the emergency meeting analysed and appreciated the situation in which the struggle of the people from all walks of life against dictatorship and for democracy and national reunification was gaining momentum and developing from a new angle, and discussed and approved measures in this regard.

The meeting made clear the immediate action programme and orientation of the present struggle of the National Democratic Movement Forces to be kept till the spring of 1996 when the 15th "general elections" will be held and till May, the 16th anniversary of the Kwangju popular resistance and, at the same time, to be developed, in the spirit of the Kwangju resistance, into a nationwide resistance for the abolition of the "National Security Law," the overthrow of the Kim Yong-sam "civilian" dictatorship, the ouster of the U.S. imperialists, the establishment of an independent, democratic government and reunification by confederacy formula.

The meeting published an appeal of the SKNDF Central Committee to the South Korean people.

The appeal calls for bringing the principal culprits of the Kwangju massacre to trial by the people through all-people struggle, punishing Chon Tu-hwan and No Tae-u, murderers who massacred thousands of fellow countrymen and stained the history of the nation with blood and wreak deep-rooted wrath of the Kwangju martyrs upon them.

Noting that the struggle for the punishment of those responsible for the May 18 massacre should develop into a struggle for the overthrow of the Kim Yong-sam "civilian" dictatorship, the appeal calls for turning out in a struggle to ostracize the Kim Yong-sam "civilian" dictatorship in a determined and decisive action, not petitioning and begging, and for setting up an independent, democratic power.

It adds that the United States can never evade the responsibility for manipulating behind the scene the murderers of Kwangju citizens.

### Dialogue Criticizes South Minister's Remarks

*SK0610141495 Pyongyang Korean Central Broadcasting Network in Korean 0754 GMT 5 Oct 95*

[Dialogue between station reporters Chong Song-kang and Yi In- chun: "The Puppets' Shameless Sophism That Distorts and Falsifies Reality"]

[FBIS Translated Text] [Yi] The South Korean puppet foreign minister called Kong No-myong, in a so-called interview with a foreign newspaper reporter sometime ago, said that the North is not taking any measure for the improvement of North-South relations and made an absurd remark that the signing of a peace agreement between us and the United States strains the situation on the Korean peninsula. We will discuss this issue today.

[Chong] Needless to say, the gibberish made by the South Korean puppet foreign minister called Kong No-myong is a completely false fabricated propaganda which distorts the truth to slander and vilify us and reverses right and wrong. The entire world knows that we consistently advocated national reconciliation and unity and the country's peaceful reunification through North-South dialogue and have been making every effort we can to realize it.

In fact it is not we but the South Korean puppets who are not taking any measure for the improvement of North-South relations. For instance, the Kim Yong-sam puppet clique, as soon as it came in power, resumed the Team Spirit nuclear war rehearsal, which was suspended toward the end of the Sixth Republic. Conducting daily provocative fire games for northward invasion, the Kim Yong-sam puppet clique turned the North-South Agreement and the joint declaration on denuclearization into a scrap of paper.

At the same time, under the pretext of the fictitious nuclear threat from the North, the Kim Yong-sam ring totally froze the North-South dialogue, raving that it cannot shake hands with those who have nuclear weapons.

Moreover, instead of observing the good manners of paying condolences on the unexpected unfortunate incident of the fellow countrymen, the Kim Yong-sam puppets leveled a gun at the painful hearts of the fellow countrymen and followed the road of fascist suppression and treachery. Thus, they proved themselves to be unpardonable traitors turning the North-South relations, which were heading for reconciliation and unity, into hostility and confrontation.

[Yi] The South Korean puppets continue to regard us as an enemy and follow the road of hostility and confrontation. In view of what they have done so far and what they are doing now, the South Korean puppets do not deserve to find fault with someone over the issue of improving North-South relations.

If they really have the will to improve North-South relations, they should begin by apologizing the antipeople and antinational great crime they committed before history and the nation, abolishing and disbanding the notorious legal and systematic devices and physical barrier.

[Chong] Nevertheless, the person called Kong No-myong, shutting his eyes to their own fault of antidialogue and antireunification position and crime, slandered and vilified our peace-loving and reunification-aspiring position like a thief turning on the owner. This is a shameless act which can be committed only by those who are habitually engaged in distorting and falsifying the reality and finding fault with others.

[Yi] It was very absurd that the South Korean puppet foreign minister called Kong No-myong babbled that the signing of a peace agreement between the DPRK and the United States strains the situation on the Korean peninsula. It is the United States and the South Korean puppets that have turned South Korea into the largest nuclear weapons arsenal in the Far East, turned the Military Demarcation Line and the DMZ into a fortress and offensive position, frenziedly engaging in arms buildup and war rehearsals for northward invasion, and are straining the situation to an extreme.

[Chong] Because of the wrong behavior by the other signatory, the Armistice Agreement has only its outward appearance and the armistice supervisory institution, the implementing organization, is only nominal. The armistice regime is now incapable of rehabilitation or revival. Now there is no alternative but to replace it with a new regime. Under these circumstances, we put forward a proposal to replace it with a peace agreement between us and the United States and establish a new peace regime, and are taking a series of practical measures.

Now the broad strata of opinion at home and abroad actively supports and welcomes this effort we are making as a measure that can prevent arms buildup and recurrence of war and practically ensure durable peace on the Korean peninsula.

[Yi] In spite of that, the South Korean puppets are desperately opposing the signing of the DPRK-U.S. peace agreement, absurdly babbling that it strains the situation on the Korean peninsula. This is a manifestation of a vicious scheme to maintain the relations of hostilities between the DPRK and the United States and crush us with the strength of their masters. It is the antinational and antireunification maneuver to block peace on the Korean peninsula and peaceful reunification.

[Chong] Today various complicated and acute problems are brought up threatening peace on the Korean peninsula. This is connected with the continuation of the obsolete armistice regime which defines us and the United States as the hostile opponent parties.

If the South Korean Kim Yong-sam puppet clique desires peace in the country, it should not interfere with but support negotiation between the DPRK and the United States, the practical parties concerned to the Armistice Agreement, to bring an end to the hostile relations and to establish a new peace regime.

The Kim Yong-sam puppet clique should stop the absurd and self- conceited acts and step down from power immediately as consistently demanded by the South Korean people.

### Yi Chong-ok Meets Art Troupe of Korean Youth

*SK1210235695 Pyongyang KCNA in English 2244 GMT 12 Oct 95*

[FBIS Transcribed Text] Pyongyang, October 12 (KCNA) — Vice- president Yi Chong-ok today met and had a talk in a compatriotic atmosphere with principal members and leading actors and actresses of the art troupe of Korean youth in Japan for celebrating the 50th anniversary of the Workers' Party of Korea led by Pak Chong-sang, director of a department of the Central Standing Committee of the General Association of Korean Residents in Japan, on a visit to the socialist motherland.

### Chongnyon Delegations Pay Homage to Kim Il-song

*SK0810095095 Pyongyang KCNA in English 0839 GMT 8 Oct 95*

[FBIS Transcribed Text] Pyongyang, October 8 (KCNA) — A congratulatory group of Koreans in Japan led by Chief Vice-Chairman of the Central Standing Committee of the General Association of Korean Residents in Japan (Chongnyon) Ho Chong-man, a delegation of Korean traders and industrialists in Japan led by Vice-Chairman of the Chongnyon Central Standing Committee Choe Pyong-cho and a delegation of chairmen of branches under Chongnyon led by Department Director of the Chongnyon Central Standing Committee Ha Tae-hong, which have come to celebrate the 50th anniversary of the Workers' Party of Korea, visited on October 7 Kumsusan Memorial Palace in which the great leader President Kim Il-song is preserved in eternal state and made bows to him.

### Chongnyon Affiliates Vow To Uphold Decisions

*SK1210134895 Pyongyang KCNA in English 1016 GMT 12 Oct 95*

["Organisations Under Chongnyon Vow To Implement Decisions of Its 17th Congress" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, October 12 (KCNA) — The 13th meeting of the Union of Korean Literary Men and Artists in Japan, the 24th meeting of the Union of Korean Teachers in Japan, the 20th meeting of the Federation of Korean Credit Associations in Japan and the 16th meeting of the Federation of Korean Sportsmen in Japan took place in Tokyo recently to implement the decisions of the 17th Congress of the General Association of Korean Residents in Japan (Chongnyon), which are embodiment of the historic letter of the great leader Comrade Kim Chong-il to Chongnyon and Koreans in Japan.

Attending the meetings were chief Vice-Chairman Ho Chong-man and Vice-Chairmen Choe Pyong-cho and Kim Su-sik of the Chongnyon Central Standing Committee, senior officials of the organisations and deputies.

The meetings adopted reports of the central committees and councils of the organisations on the work and of the examination committee on the revision of their rules, of the settlement of financial accounts and draft budgets examination committees and of subcommittees of organisations as decisions and speeches were made.

Letters to Comrade Kim Chong-il were adopted at the meetings.

### Overseas Korean Art Group Performs in Pyongyang

*SK1310044995 Pyongyang KCNA in English 0422 GMT 13 Oct 95*

[FBIS Transcribed Text] Pyongyang, October 13 (KCNA) — The Art Group of Korean Youths in Japan for celebration of the 50th founding anniversary of the Workers' Party of Korea [WPK] gave a performance for guests of honour in Pyongyang on October 12.

Invited to see the performance were Vice-president Yi Chong-ok and other senior officials, working people, youth and students of the city.

Officials of the General Association of Korean Residents in Japan (Chongnyon) including So Man-sol and Choe Pyong-cho, vice-chairmen of the Chongnyon Central Standing Committee, and members of Chongnyon delegations and home visiting groups enjoyed the performance.

The performers highly sang the praises of the fact that the WPK is strengthening and developing as Comrade Kim Il-song's party forever and their country and their motherland is displaying the might of the prosperous and powerful socialist country, for they have respected General Kim Chong-il as their great leader.

They showed the faith of 700 thousand Korean residents in Japan to uphold President Kim Il-song for all ages and follow the leadership of General Kim Chong-il with loyalty.

### PRC, Mali Groups Visit Korean Embassies

*SK1110213795 Pyongyang KCNA in English 1506 GMT 11 Oct 95*

[FBIS Transcribed Text] Pyongyang, October 11 (KCNA) — Ibrahima N'Diaye [spelling of name as received], secretary general of the Executive Committee of the African Party of the Solidarity and Justice of Mali, paid a congratulatory visit to the Korean Embassy in his country on October 7 on the occasion of the 50th anniversary of the Workers' Party of Korea [WPK].

The secretary general said that the Workers' Party of Korea has been the most authoritative and powerful party because it was founded and led by such outstanding persons as respected President Kim Il-song and his excellency Esteemed Kim Chong-il.

He said that the WPK is a beacon of revolutionary parties of the world and progressive humankind, and expressed the conviction that it would make a long drive in the future, too.

Officials of the International Liaison Department of the Central Committee of the Communist Party of China paid a congratulatory visit to the Korean Embassy on October 9 and conveyed a floral basket.

### Zhirinovskiy, Russian Communists Interviewed

*SK1210135895 Pyongyang KCNA in English 1021 GMT 12 Oct 95*

["Comrade Kim Chong-il Is Centre of Unity of World's Communists" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, October 12 (KCNA) — Leaders of political parties and organisations in Russia had interviews with the KCNA correspondent in Russia on the occasion of the 50th anniversary of the Workers' Party of Korea.

V.I. Anpilov, secretary of the Central Committee of the Communists Workers' Party of Russia and chairman of the Executive Committee of the "Working Russia" movement, said that the great leader Comrade Kim Il-song and the great leader Comrade Kim Chong-il got the "Pyongyang Declaration" published, held high the banner of unity of the international communist movement and led the Workers' Party of Korea to advance forward as a vanguard of the noble cause of justice.

He went on to say that the centre of the unity of the world's communists at present is Comrade Kim Chong-il, the great leader of the Workers' Party of Korea and the Korean people.

Konstantin Nikolayev, vice-chairman of the Council of the Union of Communist Parties-Communist Party of the Soviet Union, said that the Workers' Party of Korea has a great historic mission to defend the socialist cause and develop and accomplish it. We are convinced that the WPK led by Comrade Kim Chong-il will strengthen the singlehearted unity further so as to defend socialism in Korea, encourage communists of Russia and bring earlier the future of mankind, he said.

Valeriy Skurlatov, chairman of the Russian Free Patriotic Party for "Revival", said that the WPK is precisely Comrade Kim Il-song and Comrade Kim Chong-il. Led by the invincible party, the Korean people is a blessed people, he noted.

Alexandr Salay, chairman of the Communist Party of Tatarstan, said that the WPK serves as their mental pillar in a struggle for the revival of socialism.

Vladimir Zhirinovsky, chairman of the Liberal Democratic Party of Russia, had this to say:

"We believe that the Workers' Party of Korea members and the Korean people will advance along the road of victory indicated by Comrade Kim Chong-il, true to the behests of Comrade Kim Il-song."

### Russian, PRC Envoys Lay Flowers at Statue

*SK1210053695 Pyongyang KCNA in English 0413 GMT 12 Oct 95*

[FBIS Transcribed Text] Pyongyang, October 12 (KCNA) — Peoples from institutes, enterprises and organizations in Changbai, Yanji, Longjing, Tumen, Dandong and other local areas of China laid floral baskets before statues of the great leader President Kim Il-song in Hyesan, Sinuiju and Chongjin cities and bowed to him on October 10, the 50th anniversary of the founding of the Workers' Party of Korea.

On the same day, members of the Consulates General of China and Russia in Chongjin laid floral baskets and bouquets before his statue in the city and paid homage to him.

### Banquet Marking Anniversary Held in Moscow

*SK1310022195 Pyongyang Korean Central Broadcasting Network in Korean 1300 GMT 8 Oct 95*

[FBIS Translated Text] A banquet celebrating the 50th anniversary of the founding of the Workers Party of Korea was held at our country's embassy in Russia on 6 October.

In front of the banquet hall were portraits of the great leader Comrade Kim Il-song and the great leader [yongdoja] Comrade Kim Chong-il.

Invited to the banquet were Russian Vice Foreign Minister Aleksandr Panov; (Aleksey Konomariov), head of the State Duma Members' Group for Russia-DPRK Friendship and Solidarity; functionaries from the Defense Ministry, the Ministry of Foreign Economic Relations, and the Ministry of Science and Technology Policy; Gennadiy Zyuganov, chairman of the Central Committee of the Communist Party of the Russian Federation; Victor Anpilov, secretary of the Central Committee of the Russian Communist Workers Party; Konstantin Nikolayev, vice chairman of the Soviet Communist Party Council of the Communist Party Federation; (Vladimir Burizkov), chairman of the Leftist Russian Party; (Valeriy Scrunatov), chairman of the Liberal Patriotic Party of Revival; (Aleksandr Sali), chairman of the Tatarstan Communist Party; Vladimir Zhirinovsky, chairman of the Liberal Democratic Party; the chairman of the Standing Committee of the Soviet People's Congress of People's Deputies; the chairman of the Soviet Women's Meeting; the first deputy chairman of the People's Resistance Alliance; the chairman of the All-Union Communist Party of Lenin; the chairman of the Russian Joint Community Congress; the chairman of the Central Council of the Russian Association for Friendship and Cultural Cooperation With the DPRK; the president of the (PALIA) Publishing House; responsible editor-in-chiefs of PATRIOT and GLASNOST; other responsible functionaries of parties, social organizations, and the publication sector; and Korean compatriots living in Moscow.

Son Song-pil, our country's ambassador to Moscow, and embassy staffers were present at the banquet.

The participants at the banquet laid floral baskets and bouquets before the portrait of the great leader Comrade Kim Il-song and paid respect to him.

Speeches were exchanged at the banquet. The participants toasted the eternal life of the great leader Comrade Kim Il-song and the good health and long life of the great leader [yongdoja] Comrade Kim Chong-il.

### Syrian Charge Hosts Party Marking Founding

*SK0610115195 Pyongyang KCNA in English 1052 GMT 6 Oct 95*

[FBIS Transcribed Text] Pyongyang, October 6 (KCNA) — Anwar al-Fadel [name as received], charge d' affaires ad interim of the Syrian Embassy in Pyongyang, gave a cocktail party at his embassy on October 4 on the occasion of the 50th anniversary of the Workers' Party of Korea [WPK].

Invited there were Kim Yong-il, vice-minister of foreign affairs, and officials concerned.

Anwar al-Fadel said in his speech that the WPK over the last 50 years has achieved great successes in various domains under the wise leadership of his excellency the great leader President Kim Il-song and his excellency the great Kim Chong-il.

Expressing regret at the death of President Kim Il-song, he said that "Though President Kim Il-song passed away he will always be with us."

His Excellency Kim Chong-il is carrying forward the idea and leadership of President Kim Il-song and wisely leading the Korean people, he added.

He expressed the belief that the Korean people will certainly realize the reunification of the country on the three principles of national reunification advanced by President Kim Il-song under the wise leadership of his excellency the great Kim Chong-il.

### Basket Sent to Korean Embassy in Yemen

*SK1310045095 Pyongyang KCNA in English 0431 GMT 13 Oct 95*

[FBIS Transcribed Text] Pyongyang, October 13 (KCNA) — General Secretary of the General People's Congress of Yemen Abdul Karim al- Iryani [spelling of name as received] sent a floral basket to the DPRK Embassy in Sana on the occasion of the 50th founding anniversary of the Workers' Party of Korea [WPK] on October 9.

A section chief of the General People's Congress laid the floral basket in the name of its general secretary before the portraits of the great leader President Kim Il-song and the great leader Comrade Kim Chong-il in the embassy.

### Jordanian Communist Party Sends Floral Basket

*SK1210053495 Pyongyang KCNA in English 0417 GMT 12 Oct 95*

[FBIS Transcribed Text] Pyongyang, October 12 (KCNA) — A floral basket was sent to the Central Committee [C.C.] of the Workers' Party of Korea [WPK] by the Central Committee of the Jordanian Communist Party [JCP] on the occasion of the 50th anniversary of the WPK founding.

The general secretary of the C.C., JCP, Yacob Zayadine, handed it to the ambassador of the Democratic People's Republic of Korea to Jordan.

He also handed him a congratulatory card expressing respect of the JCP Central Committee to the WPK Central Committee on the 50th birthday of the glorious party and wishing the intimate Korean comrades greater achievements in socialist construction.

### Kim Chong-il Receives Messages From Iran, Libya

*SK1210045495 Pyongyang KCNA in English
0411 GMT 12 Oct 95*

[FBIS Transcribed Text] Pyongyang, October 12 (KCNA) — The great leader Comrade Kim Chong-il received messages of greetings from Iranian President 'Ali Akbar Hashemi-Rafsanjani, Libyan leader Mu'ammar al-Qadhdhafi, Algerian President Liamine Zeroual, Ugandan President Yoweri Kaguta Museveni, Nigerian head of state and commander-in-chief of Armed Forces Sani Abacha and Guinean President Lansana Conte, on the occasion of the 50th anniversary of the Workers' Party of Korea.

The messages extend the warmest congratulations to him and wish him good health and a long life.

They express the belief that bonds of friendship between their countries and the Democratic People's Republic of Korea will grow stronger.

On the same occasion, messages were sent to him by General Secretary of the Central Committee of the Communist Party of Vietnam Do Muoi, General Secretary of the National Council of the Communist Party of India Indrajit Gupta, Chairman of the Romanian Party for New Society Victor Voichita and General secretary of the Movement for Democracy in Algeria Khaled Bensmain.

Comrade Kim Chong-il received a message also from the political executive committee of the Socialist Party of Kazakhstan.

### Vice President Leaves for Conference in Colombia

*SK1210140695 Pyongyang KCNA in English
1059 GMT 12 Oct 95*

[FBIS Transcribed Text] Pyongyang, October 12 (KCNA) — A delegation of the Democratic People's Republic of Korea led by Vice- President Pak Song-chol left here today to participate in the 11th summit conference of the non-aligned countries which will be held in Colombia.

It was seen off at the airport by Chi Chang-ik, secretary of the Central People's Committee, and Kim Chang-kyu, vice-minister of foreign affairs.

### Kim Chong-il Meets, Poses for Photos

*SK1210153095 Pyongyang KCNA in English
1513 GMT 12 Oct 95*

[FBIS Transcribed Text] Pyongyang, October 12 (KCNA) — The great leader Comrade Kim Chong-il, chairman of the National Defence Commission of the DPRK and supreme commander of the Korean People's Army, on Wednesday had a picture taken with the delegates to the celebrations of the 50th anniversary of the Workers' Party of Korea (WPK).

When Comrade Kim Chong-il showed up, the delegates warmly welcomed him with a storm of cheers "Hurrah."

Present on the occasion were Yi Chong-ok, Pak Song-chol, Kim Yong-chu, Kang Song-san, Choe Kwang, Kim Yong-nam, Kye Ung-tae, Chon Pyong-ho, Han Song-yong and So Yun-sok, Politburo members of the WPK Central Committee.

Comrade Kim Chong-il posed for a picture with the delegates, after congratulating them on their active contributions to promoting the revolution and construction and consolidating the potentials of the country under the leadership of the WPK and to developing the WPK into an invincible, militant revolutionary party deeply rooted among the people.

### Kim Chong-il Photographed With Relay Groups

*SK1310011295 Pyongyang Korean Central Broadcasting Network in Korean
2102 GMT 12 Oct 95*

[FBIS Translated Text] The great leader [yongdoja] Comrade Kim Chong-il posed for a commemorative photo with the members of relay groups for conveying letters of loyalty.

Comrade Kim Chong-il, chairman of the DPRK National Defense Commission and supreme commander of the Korean People's Army, who is the great leader of our party and people, posed for a commemorative photo with the members of relay groups for conveying letters of loyalty on 11 October.

When the great leader Comrade Kim Chong-il showed up at a studio, the members of relay groups for conveying letters of loyalty warmly welcomed him, shouting cheers "Hurrah."

Present there were Comrades Yi Chong-ok, Pak Song-chol, Kim Yong- chu, Kang Song-san, Choe Kwang, Kim Yong-nam, Kye Ung-tae, Chon Pyong-ho, Han Song-yong, and So Yun-sok, members of the Political Bureau of the WPK Central Committee.

Comrade Kim Chong-il met and posed for a commemorative photo with the members of relay groups for conveying letters of loyalty in the name of people of provinces, officers and men of the Korean People's Army and the Korean border guards, the public security workers, railroad workers, official workers of commissions and ministries of the Administration Council and central state organs and youth and students on the occasion of the 50th anniversary of the Workers Party of Korea.

The members of relay groups for conveying letters of loyalty, who had the glory to meet and pose for a commemorative photo with the great leader Comrade Kim Chong-il, who is always admired, are overflowing with resolution to more vigorously fight for consummating the chuche socialist cause and hastening the national reunification by firmly uniting around the respected and beloved general in one mind under the fatherly leader's behest.

### Kim Chong-il Meets, Poses for Photos With Groups

*SK1210153495 Pyongyang KCNA in English*
*1507 GMT 12 Oct 95*

[FBIS Transcribed Text] Pyongyang, October 12 (KCNA) — The great leader Comrade Kim Chong-il Wednesday met and had a picture taken with the members of relay groups for conveying letters of loyalty in the name of people of provinces, officers and men of the Korean People's Army and the Korean border guards, the public security workers, railroad workers, official workers of commissions and ministries of the Administration Council and central state organs and youth and students on the occasion of the 50th anniversary of the Workers' Party of Korea.

Present there were Yi Chong-ok, Pak Song-chol, Kim Yong-chu, Kang Song-san, Choe Kwang, Kim Yong-nam, Kye Ung-tae, Chon Pyong-ho, Han Song-yong and So Yun-sok, who are Politburo members of the Central Committee of the WPK.

### Kim Chong-il Meets Chongnyon Group

*SK1210152595 Pyongyang KCNA in English*
*1510 GMT 12 Oct 95*

[FBIS Transcribed Text] Pyongyang, October 12 (KCNA) — The great leader Comrade Kim Chong-il met and posed for a photograph with the congratulatory group of Koreans in Japan headed by Ho Chong-man, chief vice-chairman of the Central Standing Committee of the General Association of Korean Residents in Japan, (Chongnyon) for celebrating the 50th anniversary of the Workers' Party of Korea and other delegations of Chongnyon on October 11. The members of the congratulatory group and delegations burst out the cheers of "Hurrah!" and enthusiastically welcomed him.

They, representing the unanimous feelings of the 700,000 Koreans in Japan, warmly congratulated Comrade Kim Chong-il on the occasion of the 50th anniversary of the WPK and wholeheartedly wished him a long life in good health.

Comrade Kim Chong-il expressed thanks for this and posed for a photograph with the members of the congratulatory group and the delegations.

### Kim Chong-il Meets Delegates to Anniversary

*SK1310003895 Pyongyang Korean Central Broadcasting Network in Korean*
*2100 GMT 12 Oct 95*

[FBIS Translated Text] The great leader [yongdoja] Comrade Kim Chong-il posed for a commemorative photo with the delegates to the celebration of the 50th anniversary of the founding of the Workers Party of Korea [WPK].

Comrade Kim Chong-il, chairman of the DPRK National Defense Commission and supreme commander of the Korean People's Army, who is the great leader of our party and people, posed for a commemorative photo with the delegates to the celebration of the 50th anniversary of the founding of the WPK on 11 October.

When the great leader Comrade Kim Chong-il showed up at a studio, the delegates warmly welcomed him by shouting a stormy cheers "Hurrah."

Present there were Comrades Yi Chong-ok, Pak Song-chol, Kim Yong- chu, Kang Song-san, Choe Kwang, Kim Yong-nam, Kye Ung-tae, Chon Pyong-ho, Han Song-yong, and So Yun-sok, members of the Political Bureau of the WPK Central Committee.

Comrade Kim Chong-il, posing for a commemorative photo, congratulated the delegates on their active contributions to strongly consolidating the country's might by accelerating the revolution and construction under the party's leadership, as well as to strengthening and developing our party into an invincible and militant revolutionary party deeply rooted among the people.

With the best glory, all participants are overflowing with firm resolution to strengthen and develop our party into the eternal party of the Comrade Kim Il-song party and to endlessly complete the sacred chuche revolutionary cause along the party, warmly expressing the most gratitude for Comrade Kim Chong-il, the great leader of our party and people, for giving great political trust and consideration to them, thus posing for a commemorative photo.

### Kim Chong-il Photographed With Chongnyon Figures

*SK1310012695 Pyongyang Korean Central Broadcasting Network in Korean 2104 GMT 12 Oct 95*

[FBIS Translated Text] The great leader Comrade Kim Chong-il met and posed for a commemorative photo with the congratulatory group and delegations of the General Association of Korean Residents in Japan [Chongnyon].

On 11 October, Comrade Kim Chong-il, chairman of the DPRK National Defense Commission and supreme commander of the Korean People's Army, who is also the great leader [yongdoja] of our party and people, met and posed for a commemorative photo with the congratulatory group of Koreans in Japan headed by Ho Chong-man, chief vice-chairman of the Central Standing Committee of the General Association of Korean Residents in Japan, and other delegations of the association who were here to celebrate the 50th anniversary of the founding of the Workers Party of Korea [WPK].

When the great leader Comrade Kim Chong-il arrived at the studio, the members of the congratulatory group and delegations burst out in cheers of "Hurrah" and enthusiastically welcomed him.

Representing the unanimous feelings of the 700,000 Koreans in Japan, they warmly congratulated Comrade Kim Chong-il on the occasion of the 50th anniversary of the founding of the WPK and wholeheartedly wished him a long life and good health.

Comrade Kim Chong-il expressed thanks for this and posed for a commemorative photo with the members of the congratulatory group and delegations.

### Kim Chong-il Attends Highway Opening

*SK1310105295 Pyongyang KCNA in English 1040 GMT 13 Oct 95*

[FBIS Transcribed Text] Pyongyang, October 13 (KCNA) — A ceremony for opening to traffic the Pyongyang-Hyangsan tourist highway was held grandly on the spot on October 12 in the presence of the great leader Comrade Kim Chong-il.

It was built in the nearly 120 km section from Pyongyang, the capital, to Hyangsan where Mt. Myohyang, one of five famous mountains of the country, is located. It is a proud gift presented by the soldiers of the Korean People's Army to the 50th anniversary of the foundation of the Workers' Party of Korea [WPK]. Flyovers, arch bridges and other forms of bridges were built to suit toporgaphical conditions and natural landscape, bringing the characters of the highway into bolder relief.

The safety of traffic has been ensured reliably and scientific and technical requirements of the construction and operation met on a high level.

Amid the playing of the welcome music, Comrade Kim Chong-il, chairman of the National Defense Commission of the Democratic People's Republic of Korea and supreme commander of the Korean People's Army [KPA], arrived at the place of the ceremony.

The moment, a storm of cheers "Hurrah!" burst forth.

Present at the opening ceremony were KPA Marshal Choe Kwang, Politburo member of the C.C. [Central Committee], the WPK and minister of the People's Armed Forces; Kye Ung-tae and Chon Pyong- ho, Politburo members and secretaries of the C.C., the WPK; KPA Marshal Yi Ul-sol; Vice Marshals of the KPA Kim Kwang-chin, first vice-minister of the People's Armed Forces, Kim Yong-chun, chief of the general staff of the KPA, and Cho Myong-nok, director of the General Political Department of the KPA; other party and army and officials, comanders of arms and services, army delegates to the celebrations of the 50th WPK anniversary and KPA and KPSF [Korean People's Security Forces] generals.

Ho Chong-man, chief vice-chairman of the Central Standing Committee of the General Association of Korean Residents in Japan, was on hand.

Waving to the cheering soldiers, Comrade Kim Chong-il cut a red cloth hanging across the road to declare the opening to traffic of the Pyongyang-Hyangsan tourist highway.

He, accompanied by leading officials of the party and the army, went round the tourist highway.

He said with great satisfaction that the highway has been built wonderfully to suit to natural landscape and highly appreciated the soldiers who took part in the construction of the highway.

### Correction to Kim Chong-il Attending Parade

*SK1310014995 Pyongyang Korean Central Broadcasting Network in Korean 2100 GMT 10 Oct 95*

[Corrected version of SK1110015795; explanatory notes describe differences from original FBIS version]

[FBIS Translated Excerpt] A military parade and a mass demonstration were splendidly held in Pyongyang, the capital of the revolution, to commemorate the 50th anniversary of the founding of the glorious Workers Party of Korea [WPK]. A military parade by military schools of the Korean People's Army [KPA], KPA honor guards, the Worker-Peasant Militia, and the Red Youth Guards; and a mass demonstration of 1 million people were splendidly held in Pyongyang on 10 October to commemorate the 50th anniversary of the founding of the glorious WPK. [passage omitted]

At 0900 [0000 GMT] the great leader [yongdoja] Comrade Kim Chong- il, chairman of the DPRK National Defense Commission and supreme commander of the KPA, arrived at the rostrum. [passage omitted]

Comrades Yi Chong-ok, Pak Song-chol, and Kim Yong-chu, members of the Political Bureau of the WPK Central Committee and vice presidents of the DPRK; Comrade Kang Song-san, member of the Political Bureau of the WPK Central Committee and premier of the Administration Council; Comrade Choe Kwang, member of the Political Bureau of the WPK Central Committee, minister of the People's Armed Forces, and KPA marshal; Comrade Kim Yong-nam, member of the Political Bureau of the WPK Central Committee and vice premier and foreign minister of the Administration Council; Comrades Kye Ung- tae, Chon Pyong-ho, and Han Song-yong, members of the Political Bureau of the WPK Central Committee and secretaries of the party Central Committee; Comrade So Yun-sok, member of the Political Bureau of the WPK Central Committee, responsible secretary of South Pyongan Provincial Party Committee, and chairman of South Pyongan Provincial People's Committee; Comrade Kim Chol-man, candidate member of the Political Bureau of the WPK Central Committee; Comrade Choe Tae-pok, candidate member of the Political Bureau of the WPK Central Committee and secretary of the party Central Committee; Comrades Choe Yong-nim and Hong Song-nam, candidate members of the Political Bureau of the WPK Central Committee and vice premiers of the Administration Council; Comrade Yang Hyong-sop, candidate member of the Political Bureau of the WPK Central Committee and chairman of the Supreme People's Assembly; Comrade Hong Sok-hyong, candidate member of the Political Bureau of the WPK Central Committee and chairman of the State Planning Committee; Comrade Yon Hyong-muk, candidate member of the Political Bureau of the WPK Central Committee, responsible secretary of Chagang Provincial Party Committee, and chairman of Chagang Provincial People's Committee; Comrade Yi Ul-sol, KPA marshal; Comrades Paek Hak-nim, Yi Tu-ik, Kim Kwang-chin, Kim Ik-hyon [correcting name], Cho Myong-nok, Yi Ha-il, and Kim Yong-chun, KPA vice marshals; Comrades Kim Ki-nam, Kim Kuk- tae, Hwang Chang-yop, Kim Chung-nin [correcting name], So Kwan-hui, and Kim Yong-sun, secretaries of the WPK Central Committee; Comrades Kim Pok-sin, Kim Chang-chu, Kim Yun-hyok, Chang Chol, and Kong Chin- tae, vice premiers of the Administration Council; Comrade Yun Ki- pok, chairman of the Economic Policy Commission of the Central People's Committee; Comrade Pak Nam-ki, chairman of Pyongyang City Administrative and Economic Committee; Comrade Chon Mun-sop, chairman of the State Inspection Commission of the Central People's Committee; Kim Pyong-sik, chairman of the Central Committee of the Korean Social Democratic Party; Yu Mi-yong, chairman of the Central Committee of the Chondoist Chongu Party; directors of departments of the WPK Central Committee; responsible secretaries of provincial party committees; anti-Japanese revolutionary fighters; responsible functionaries and political functionaries of military organs; commanders of the services and branches of the KPA; responsible functionaries from mass organizations; and Comrade Yi In-mo, former KPA war correspondent; were present at the rostrum.

Functionaries from the General Association of Koreans Residing in Japan [Chongnyon], including Ho Chong-man, responsible vice chairman of the Chongnyon Central Committee, So Man-sul and (Choe Pyong-tae), vice chairmen of Chongnyon; and Son Won-tae, a Korean compatriot residing in the United States; were present at the rostrum. [passage omitted]

### Greetings Sent to Kim Chong-il From Abroad

*SK1310052195 Pyongyang KCNA in English*
*0437 GMT 13 Oct 95*

[Spelling of names of all party leaders as received]

[FBIS Transcribed Text] Pyongyang, October 13 (KCNA) — The great leader Comrade Kim Chong-il received messages of greetings from foreign party leaders on the occasion of the 50th anniversary of the foundation of the Workers' Party of Korea [WPK].

They came from Budragchagiyn Dashyondon, general secretary of the Mongolian People's Revolutionary Party; Yacob Zayadine, general secretary of the Central Committee of the Jordanian Communist Party; Talal Hafun ala Mai, general secretary of the People's Unity Party "Unionist" of Jordan; Ali Saleh Obad Mokbil, secretary general of the Central Committee of the Yemen Socialist Party; Walid Jumblatt, president of the Socialist Progressive Party of Lebanon; Nina Andreyeva, general secretary of the Central Committee of the All- Union Communist Party of Bolsheviks; Klaus Riis, chairman of the Central Committee of the Communist Party of Denmark (Marxist- Leninist); Miroslav

Grevenicek, chairman of the Central Committee of the Czechy-Morava Communist Party; Florian Petrescu, chairman of the National Committee of the Socialist (Communist) Party of Romania; A. Masaliyev, chairman of the Central Executive Committee of the Party of Communists of Kyrgyzstan; Llewelyn John, leader of the People's Democratic Movement of Guyana; Peter Persaud, leader of the Amerindian Action Movement of Guyana; Abou Bacar Sompare, general secretary of the Party for Unity and Progress of Guinea; and Ali Houdou, general secretary of the Construction Workers' Party of Benin.

The messages extended warm congratulations to Comrade Kim Chong- il and wished him a long life in good health on the occasion of the 50th anniversary of the foundation of the Workers' Party of Korea.

They expressed the belief that the WPK and the Korean people would achieve success in the efforts for socialist construction and independent and peaceful reunification of the country under the wise leadership of Comrade Kim Chong-il.

Comrade Kim Chong-il also received messages of greetings from the Central Committee of the Romanian Communist Party and the Central Committee of the Communist Party of India (Marxist) on this occasion.

### Kim Chong-il Sends Gift to Publishing House Advisor

*SK1210135995 Pyongyang KCNA in English*
*1029 GMT 12 Oct 95*

[FBIS Transcribed Text] Pyongyang, October 12 (KCNA) — The great leader Comrade Kim Chong-il sent a birthday table to Yun Myong-chung, advisor to the Choguk Publishing House, congratulating him on his 90th birthday.

Yun was born and spent his childhood in South Korea in the period of the Japanese imperialist colonial rule. Then, he went to Japan and lived a miserable life, subjected to contempt.

He contributed to the strengthening and development of the movement of Koreans in Japan, working for many years as vice- chairman of the Tokyo metropolitan headquarters of the General Association of Korean Residents in Japan (Chongnyon), director of the Haku Sobang Publishing House and at other important posts for the patriotic work of Chongnyon.

After returning to the socialist homeland, he has devotedly worked for the prosperity and development of the homeland and enjoyed himself in the efforts for the country's reunification.

### Daily Stresses People's Role of Loyalty

*SK1210111895 Pyongyang KCNA in English*
*1058 GMT 12 Oct 95*

["Faith and Obligation Are Our Life" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, October 12 (KCNA) — NODONG SINMUN today carries a by-lined article titled "Faith and Obligation Are Our Life."

The article says that to regard faith and obligation more valuable than life and share the same destiny with the great leader is the way of leading a worthwhile life as a chuche-type revolutionary and the key to the invincibility of the Korean revolution in any storms.

Worthwhile life and heroic death — this is the highest goal of life for the chuche-type revolutionaries, it says.

The article quotes the great leader Comrade Kim Chong-il as saying:

"Man must enjoy a worthwhile life and die a heroic death. Worthwhile life and heroic death mean devoting one's all to the party and the leader and dying in harness."

Such a life and death are a heroic life and death of those who devote themselves to the revolutionary cause guided by the leader of the revolution and dedicate their youth and life to defending him. They are the noblest life and purest death for human beings. They are proper to true revolutionaries who support the leader of the revolution with their faith and obligation.

The destiny of the leader is that of the revolution and revolutionaries. Without the leader, the revolution and the life of the revolutionaries are unthinkable.

The revolutionary faith is the steadfast principle of defending one's dignity and honor as a communist revolutionary on the road of revolution led by the leader and an indomitable revolutionary spirit of advancing along the road indicated by the leader without slightest vacillation.

The revolutionary obligation is a pure communist conscience of those willing to always keep the benevolence of the leader in their mind and repay it and noble ideological feelings of those sharing the same destiny with the leader in rain or shine.

For the revolutionaries the most precious life is to struggle to support and defend the leader and the noblest ideological feelings are faith and obligation displayed in the struggle.

The long history of our revolution shows that the precious life is found in supporting and defending our leader on the basis of faith and obligation.

Steadfast in faith and strong in the sense of obligation, the anti-Japanese revolutionary fighters happily dedicated their lives to the great general Kim Il-song, shouted "Long live General Kim Il- song Excl" at the execution ground and said "I see the victory of revolution" without both eyes. [sentence as received]

Only with firm faith and a strong sense of obligation, can the revolutionaries remain faithful to the revolution, live a worthwhile life and die a heroic death, casting in their lot with their leader. This is what the history of the Korean revolution and the international communist movement shows.

Our revolution, which has entered a new stage of its development, requires the chuche-type revolutionaries to keep faith and obligation more firmly in their mind than ever before.

To hold the great leader Comrade Kim Chong-il in high esteem and share life and death with him is the way of enjoying a precious life, holding fast to one's faith and discharging one's obligation.

By this faith and obligation, singlehearted unity, the great foundation of revolution is consolidated, the revolution and construction accelerated triumphantly and the imperialists' anti- socialist moves smashed.

Let us fight staunchly, always regarding faith and obligation as the lifeline — this is the will of the chuche-type revolutionaries and their invariable motto of life.

True loyal subjects always remain faithful and devoted to their leader and shares the same destiny with him. The steadfast faith and pure obligation of the chuche-type revolutionaries are manifested in that they remain loyal to their leader in one mind in all their life.

Their faith and obligation are characterized by steadfastness and guaranteed by infinite devotion to the revolutionary cause.

Absolutely following and believing in Comrade Kim Chong-il, their spiritual support, they keep their faith and obligation unchanged in any circumstances.

We will take our faith and obligation more valuable than our life and enjoy a worthwhile life as chuche-type revolutions [revolutionaries] in the revolution guided by Comrade Kim Chong-il.

## Monument Completed Before 50th Anniversary

*SK0810014695 Pyongyang KCNA in English 1519 GMT 7 Oct 95*

[FBIS Transcribed Text] Pyongyang, October 7 (KCNA) — The monument to party foundation has been completed on the threshold of the 50th anniversary of the foundation of the Workers' Party of Korea [WPK] (October 10).

Situated in Munsu Street on the bank of the scenic Taedong River flowing through the capital city of Pyongyang, it is one more monumental edifice of the Workers' Party era.

It occupies an area of over 250,000 square metres. It stands face to face with the grand monument on Mansu Hill, on which is the statue of the great leader President Kim Il-song. The distance between the two monuments is 2,160 metres.

It is a monument of exquisitely-trimmed granite. It is composed of a 1.5-metre-high round stylobate, a group of vertical sculptures of a hammer, a sickle and a brush symbolic of the emblem of the Workers' Party of Korea and a cylindrical structure of a ring shape.

The round stylobate is 70 metres in diametre. This figure indicates the history of nearly 70 years after the "down-with- imperialism union", the origin of the Workers' Party of Korea, was formed.

Hammer, sickle and brush sculptures are 50 metres in height each and the structure of a ring shape symbolic of the singlehearted unity of the leader, the party and the masses is 50 metres in diametre. The figure 50 means that they were built on the occasion of the 50th anniversary of the foundation of the WPK.

Inscribed in the face of the ring-shape structure are words "Long Live the Workers' Party of Korea, Which Organises and Guides All Victories of the Korean People!" In the inside of the ring-shape structure are three divisions of bronze sculptures showing the historical root and might of the WPK. They include sculptures of 35 characters, famous works of President Kim Il-song and revolutionary slogans.

The first division of the sculptures' "great tradition" says that the Workers' Party of Korea is a new-type party of the working class which inherited the revolutionary tradition of the anti-Japanese struggle. The second division "singlehearted unity" stresses that the WPK, the general staff of the Korean revolution, is a powerful party which achieved the singlehearted unity of the leader, the party and the masses, and enjoys absolute support and trust of the popular masses. The third division "banner of independence" emphasizes that the WPK is a great party which enjoys support from the revolutionary peoples all over the world.

Each division of the sculptures is 4.1 metres high and 28 metres wide.

Around the monument there are an education ground with an area of 13,000 square metres and a fountain park composed of 12 fountain ponds.

The monument to party foundation which represents the unanimous faith and will of the Korean people will stand high forever, handing down through generations the undying exploits and greatness of the respected leader President Kim Il-song and the dear leader Comrade Kim Chong-il in founding the Workers' Party of Korea, a revolutionary party of chuche type, and constantly strengthening and developing it.

## Youth Congress Shows Solidarity for Reunification

*SK1110150695 Pyongyang KCNA in English*
*1503 GMT 11 Oct 95*

[FBIS Transcribed Text] Pyongyang, October 11 (KCNA) — Support for the Korean people's cause of national reunification was expressed at the Second Pan-African Youth Congress which was held in Senegal on September 25 and 26.

The final document adopted at the congress expresses solidarity with the Korean people in their struggle for achieving the independent, peaceful reunification of the country by means of founding the Democratic Confederal Republic of Koryo as well as opposition to all manner of interference of imperialists and their followers in the Korean peninsula.

## WPK Anniversary Commemorative Stamps Issued

*SK0610113895 Pyongyang KCNA in English*
*1047 GMT 6 Oct 95*

[FBIS Transcribed Text] Pyongyang, October 6 (KCNA) — The Ministry of Post and Telecommunications issued stamps and envelopes to commemorate the 50th anniversary of the Workers' Party of Korea [WPK].

Among those stamps is a sheet on which the party founding museum is depicted with a portrait of the great leader President Kim Il- song.

It shows the tireless efforts and feats made by President Kim Il- song, who is the founder of the ever-victorious WPK, for the accomplishment of the revolutionary cause of chuche, and his great traits.

They also include three individual stamps; the first stamp represents the emblem of the WPK and the flag of "DIU" [Down-With- Imperialism Union] symbolic of the party's historical roots; the second depicts a sculpture of a worker, a peasant and an intellectual remaining loyal to the leadership of the WPK and the third portrays the newly-built monument to party foundation.

Inscribed on the upper part of the stamps are the party's emblem and letters "50th anniversary of the Workers' Party of Korea" and "1945-1995".

The ministry also issued souvenir envelopes on which the monument to party foundation is depicted.

## WPK's History, Kim Chong-il's 'Feats' Viewed

*SK0610113695 Pyongyang KCNA in English*
*1044 GMT 6 Oct 95*

[FBIS Transcribed Text] Pyongyang, October 6 (KCNA) — Symposiums were held to celebrate the 50th anniversary of the Workers' Party of Korea [WPK].

Speakers unanimously elaborated on the proud history of the Workers' Party of Korea and the undying feats performed by the great leader Comrade Kim Chong-il for the accomplishment of the cause of party building.

The Workers' Party of Korea was founded by the great leader President Kim Il-song and has been strengthened and developed into an invincible revolutionary party under the wise guidance of Comrade Kim Chong-il.

Comrade Kim Chong-il put forward a unique idea for the first time in the history of international communist movement, an idea that a working-class party should be built in such a way that it belongs to the leader, and set a shining example in the building of a socialist ruling party.

He formulated the guiding idea of the Workers' Party of Korea as the revolutionary idea of President Kim Il-song and has wisely led the work for modelling the whole party on the chuche idea.

"The Workers' Party of Korea Is a Chuche-type Revolutionary Party Which Inherited the Glorious Tradition of the DIU [Down-With- Imperialism Union," "The Workers' Party of Korea Organizes and Guides All the Victories of Our People" and many other immortal famous works published by Comrade Kim Chong-il were very instrumental in laying solid organisational and ideological foundations of the party.

One of the great achievements gained by Comrade Kim Chong-il is that he firmly built mass ground for the party and considerably strengthened the relations of kinship between the party and the masses.

While giving full play to the advantages of Korean-style socialist system centered on the popular masses, Comrade Kim Chong- il led the party organisations to implement the revolutionary mass line in full and thus strengthened the unity and cohesion of the party and the people in every way.

He made sure that the spirit of the slogans "We serve the people!" and "Let the whole party go among the masses!" held sway over the whole party.

Comrade Kim Chong-il has all along found himself among the people, shaped chuche-based lines and policies to suit the aspirations and demand of the Korean people as well as the actual conditions of the country and led socialist construction to a victory.

Over the last 30 odd years he gave on-the-spot guidance to a total of 2,460 main units throughout the country.

Comrade Kim Chong-il has strengthened in every way the function and role of the party, the general staff of the Korean revolution, with an outstanding and tested leadership.

Today the WPK demonstrates its potentials as a strong party with firm revolutionary work system and a lively, youthful and promising party.

The Workers' Party and people of Korea are dynamically advancing towards the final victory for socialist cause under the leadership of Comrade Kim Chong-il.

### Achievements Gained in 'Three Revolutions' Noted

*SK0610153095 Pyongyang KCNA in English*
*1524 GMT 6 Oct 95*

[FBIS Transcribed Text] Pyongyang, October 6 (KCNA) — The Korean people have gained great achievements in the three revolutions, ideological, technical and cultural, under the leadership of the Workers' Party of Korea over last 50 years.

With the ideological bulwark of socialism strengthened firmly, great changes have taken place in the ideological and moral traits of the people and in their way of work and life.

The people have fully displayed the noble spiritual and moral traits of devoting their all to the party, the leader, the country, the nation, society and the collective.

It was when the great leader President Kim Il-song passed away unexpectedly that the Korean people who absolutely trust and follow the leader of revolution gave full play to their infinite loyalty and noble sense of morality and obligation to him.

In 10 days of the national mourning alone, a total of 212 million people and soldiers visited the bier of the president, his statues and historic sites and expressed their condolences and vowed to remain true to what he intended in his lifetime.

All the people are now upholding President Kim Il-song for all ages and serving respected Comrade Kim Chong-il with loyalty and filial piety, living up to their commitments.

Signal achievements were reported in the building of self- reliant national economy as well.

The Korean people under the leadership of the party realised the overall technical modernisation of the national economy, carried out with credit the historical task of socialist industrialisation in a short span of 14 years and succeeded in the building of the self- reliant national economy.

More than 10,000 modern factories and enterprises made their appearance in different parts of the country.

With the dynamic promotion of the building of power plants the total number of the nation's power plants is more than 300.

Some 600 coal and ore mines were developed in the areas with large deposits and favourable excavating conditions.

Big efforts were directed to the construction of railways and roads. As a result, a total length of the nation's railroads is about 3,000 kilometres longer than the figure of 1946, the electrification of the trunk railway lines was completed in the main and more than 80,000 kilometre long roads built.

Local-industry factories+ number some 5,460.

The greatest success was made in the efforts to develop socialist national culture.

There were more than 2.3 million unlettered adults in Korea before the liberation of the country. But now it has 1.82 million intellectuals. The figure shows that there is a technician or an expert per every six workers.

In Korea there are upwards of 10,000 schools at all levels, including about some 300 universities and 460 colleges.

The material and technical foundations of scientific research have been steadily grown in strength. The number of scientists and researchers is 760 times and scientific research institutions, 46 times those in 1953, a year when the Korean war ceased.

With the rapid development of literature and art, national in form and socialist in content, the cycle of novels "Immortal History", the multi-part feature film "The

Nation and Destiny" and many other monumental masterpieces were produced.

The number of medical treatment and prevention institutions has grown nearly one hundred times that in 1946. And that of doctor per 10,000 of the population grew to 29.7 from 0.5 in the pre-liberation days and the number of hospital beds reached more than 100 from 1.2.

### Daily Urges 'Reunification Through Confederacy'

*SK1210134495 Pyongyang KCNA in English 1012 GMT 12 Oct 95*

["Let Us Accelerate Reunification Through Confederacy With Nationwide Grand March" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, October 12 (KCNA) — The proposal for founding the Democratic Confederal Republic of Koryo (DCRK) put forward by the great leader Comrade Kim Il-song is a great programme of reunification, a banner of reunification which is greatly stirring up the ardent desire and confidence of the fellow countrymen for national reunification and powerfully stimulating the whole nation to realize the cause of reunification, stresses NODONG SINMUN in a signed article today.

The author of the article says:

The proposal for founding the DCRK is a most fair and aboveboard, realistic and just proposal for national reunification which correctly reflects the national desire and interests of all the Korean people and conforms with the specific realities of the country.

The North and South should unite and form a confederal state, leaving the ideas and systems in the North and South as they are. This is the way of realizing the independent and peaceful reunification of the country at the earliest date and with confidence under the condition of our country in which the North and the South would not concede their ideas and systems.

As the whole nation considers the reunification of the country to be the supreme task, the differences of the ideas and systems in the North and the South cannot be conditions hindering reunification. If the North and the South keep the principle that one does not force one's idea and system on another, our nation can reunify the country in the form of confederal republic.

If a confederal republic is founded, the regional governments in the North and the South can enforce their independent policies within the scope of the interests and demand of the whole nation and, accordingly, the interests of any class, strata and faction in the North and the South will not get damaged. The proposal for founding the DCRK fairly considers the interests of the North and the South. That is why the proposal is the fair and aboveboard one that is acceptable to anyone who does not seek the division of the nation but wants reunification.

All the compatriots in the North, the South and overseas should powerfully push ahead with the nationwide grand reunification march and accelerate the reunification through confederacy without fail under the wise guidance of respected General Kim Chong-il, the centre of great national unity and lodestar of national reunification, and thus display the dignity and honor of a reunified country to the world.

### Construction Projects Completed on Anniversary

*SK0610152095 Pyongyang KCNA in English 1514 GMT 6 Oct 95*

[FBIS Transcribed Text] Pyongyang, October 6 (KCNA) — Construction projects were completed in Korea on the threshold of the 50th anniversary of the Foundation of the Workers' Party of Korea.

The newly-commissioned projects are the Haeju January 10 machine factory in South Hwanghae Province, the Unsan millim power saw factory and Piho mine in South Pyongan Province and new production processes of the September 21 smeltery in Kangwon Province.

And the Hoeryong-Haksong railway electrification project was completed and opened to traffic. It will meet the growing demand for transport and promote the traffic convenience of the people in the northern area of Korea.

The great leader Comrade Kim Chong-il sent thanks to the participants in the projects for their exploits in construction.

A modernly-equipped maternity hospital made its appearance in Hoeryong, North Hamgyong Province and the Yongwol granite mine was commissioned in South Pyongan Province.

The hospital is furnished with sets of medical facilities and apparatuses needed for maternity diagnosis, assistance at childbirth, medical treatment and the upbringing of newborn babies.

Commissioning and opening ceremonies were held on the spots.

## South Korea

### U.S. Said To 'Obstruct' Mobile Phone Growth

*SK1210122995 Seoul CHOSON ILBO in Korean 11 Oct 95 p 4*

[Report by Kim Tong-pae from Taegu]

[FBIS Translated Text] On 10 October, Yu Yon-hak, lawmaker of the National Congress for New Politics, stated that the United States has exercised pressure to obstruct the ROK's development of CDMA (multipressing assembly system of code junction), which is a mobile telecommunications system of the next generation.

Lawmaker Yu said at a parliamentary inspection of POSCO [Pohang Iron and Steel Company]: "When Carla Hills, former head of the U.S. Trade Representative [USTR] office, visited the ROK in early October 1994 at the invitation of former foreign minister Han Sung-chu, she attempted to delay the domestic development of CDMA by means of pressure." [As published; Carla Hills was USTR during the Bush administration and, as noted, had no official USTR position in 1994.]

He added that "in meetings with government officials, the head of the USTR office pressured the ROK by stating that if Samsung Company develops CDMA technology ahead of the United States and supplies the technology to Sinsegi Telecommunications Company, Samsung's export of semiconductors to the United States will suffer a great deal."

### Customs Seeks U.S. Goods Clear Clearance

*SK1210113395 Seoul YONHAP in English 1117 GMT 12 Oct 95*

[FBIS Transcribed Text] Seoul, Oct. 12 (YONHAP) — The Customs Administration promotes an amendment to the Korea-U.S. Status of Forces Agreement (SOFA) so as to make the introduction of U.S. military post or base exchange goods go through Korea's customs clearance.

Customs Administrator Yi Hwan-kyun said Thursday his office has already referred to the Foreign Ministry a draft SOFA amendment.

Yi disclosed this during a parliamentary inspection of the Customs Administration when he was asked by a legislator if he had any plan to prevent tax-free U.S. military P.X. goods from being illegally diverted into local markets.

If and when the introduction of P.X. goods is made to go through customs clearance, his office would be able to assess the amount of P.X. goods introduced, which he said will be helpful to checking the diversion of P.X. items, he said.

Yi said his office also plans to ask U.S. military authorities to improve the P.X. system so as to prevent the illegal outflow of duty-free P.X. goods.

### Results of ROK-U.S. Financial Talks Viewed

*SK1310020495 Seoul THE KOREA TIMES in English 13 Oct 95 p 9*

[Report by staff reporter Yi Chang-sop: "Korea Gains Little in Financial Deal With US"]

[FBIS Transcribed Text] Criticism is mounting of the results of Korea-U.S. financial negotiations as Seoul has gained almost nothing while Washington has squeezed Korea into making many concessions.

Seoul bankers here said that for the past two years, Washington has "coerced, threatened or sometimes bullied" Seoul into opening financial sectors that are of vital interest to American financial services firms.

In the bilateral talks, the U.S. Treasury Department threatened to bring down the Super 301 ax unless Korea opened its financial market wider. In the multilateral negotiations, Washington officials argued that they would not give Korea most-favored nation (MFN) status or Korean financial institutions operating in the United States national treatment although MFN and national treatment principles are universal practices.

The department has regularly issued a so-called foreign exchange report passing judgment on whether Korea and a few other Asian countries are manipulating their foreign exchange markets wider.

With all the tools Washington has mobilized, Korea has had no choice but to accept U.S. demands, accelerating some of its "sensitive" financial reform plans ahead of schedule.

Deputy Finance and Economy Minister Sin Myong-ho, who heads the Korean delegations to financial negotiations, has sometimes boasted, "Now Korea-U.S. financial relations are in a honeymoon phase."

But what Sin has overlooked, local bankers and critics say, is the fact that Washington has not accommodated any of Seoul's several requests to help Korean financial institutions in the United States expand or improve the business environment.

When Seoul asked Washington to solve specific complaints Korean financiers in the United States have, the U.S. Treasury Department has repeatedly said the federal government is unable to meddle in state government affairs. Washington officials frequently said many of Seoul's requests are related with prudential regulation linked to promoting stability in the financial system.

If Citibank in Korea were barred from locating its office within the four main gates in Seoul, Washington might use Super 301 to solve this problem. But when Korean banks in Chicago Loop Area, they are fobbed off, bankers here said.

For the past two or three years, Seoul has repeatedly put forward a wish list to the United States but there is no evidence that Washington has accommodated any of the items from the wish list, local critics argue.

But Seoul has accommodated almost 100 percent of the U.S.'s requests, they contended.

Assistant Treasury Secretary Jeffrey R. Shafer was quoted as having said Washington would not invoke Super 301 or deny MFN status and national treatment to Korean financial institutions in the United States. Just with verbal threats and consolation, Korea must be surprised and content, critics said.

Now the United States is using Korea's bid to join the OECD as leverage to further open the domestic financial market.

Officials said that the financial market reform now going under way here is being pursued in the interests of the Korean economy and financial system, not foreign firms.

Korea government officials appeared to be concerned with whether the United States will continue to use threats, without answering the complaints many Korean financiers in the U.S. have.

A Seoul banker who had long stationed in New York said, "Despite the U.S. claim of a free financial system, there are many invisible discrimination that hamper the operation of foreign financial firms there."

### U.S. Promises To Continue Granting MFN

*SK1310022395 Seoul THE KOREA TIMES in English 13 Oct 95 p 9*

[By THE KOREA TIMES correspondent Sa Tong-sok]

[FBIS Transcribed Text] Washington — The Clinton administration has promised to continue to grant Korea most favored nation (MFN) status in the bilateral working financial talks held here Tuesday afternoon (early Wednesday morning KST), Korea Deputy Minister of Finance and Economy Sin Myong-ho said.

Sin, who is attending the 50th annual meetings of the International Monetary Fund (IMF) and World Bank here, told reporters that his American counterpart Jeffrey Shafer assured him that Korea will be granted MFN status and the privilege of national treatment in the U.S.

"At the same time, the U.S. has no master plan to begin financial talks with Korea regarding the MFN issue. Therefore, Korea will continue to benefit from the MFN status," said Shafer. But Shafer was shy of documenting the MFN guarantee, according to Sin.

Shafer also assured that he will do his best to oppose any moves in the Clinton administration to launch Super 301 investigations against what some American officials claim are Korea's unfair trade practices in the financial area, lauding Korea's financial liberalization efforts so far.

With regard to the issue of Korea's joining the Organization for Economic Cooperation and Development (OECD), Shafer made clear that the U.S. will oppose applying double standards to Korea when screening Korea's membership.

"I told Shafer that the nation can not jeopardize economic stability with extreme liberalization actions, even if it means joining the OECD," Sin said, adding that Shafer understood it. Korea will continue to push for financial market liberalization gradually under its already-announced timetable, he said.

Sin said he turned down Shafer's demands that foreign auto financing companies be allowed to engage in leasing in Korea. "Instead, I assured him that Korea will allow "fleet financing" of cars. [quotations as published]

### YONHAP Previews Joint ROK-U.S. Exercise

*SK1210143695 Seoul YONHAP in English 0839 GMT 12 Oct 95*

[FBIS Transcribed Text] Seoul, Oct. 12 (YONHAP) — Foal Eagle '95, a joint South Korea-U.S. military forces exercise, will kick off on Friday with some 30,000 South Korean and U.S. soldiers participating, the Defense Ministry announced on Thursday.

The annual rear-area field training exercise will continue through Nov. 17 with drills being held at a variety of locations throughout the country, the ministry added.

Foal Eagle is designed to test rear-area protection operations and major command, control and communications systems as well as provide hands-on experience for forces of both nations, the ministry explained.

Most of the exercise will be conducted in areas South of Seoul, except for some training which has been scheduled to take place between northern Seoul and the Demilitarized Zone, the ministry said.

Spokesman for U.S. Forces in Korea (USFK) Col. John Reitz said that commander of the Seventh Fleet Vice Admiral Archie Clemins is set to take part in the 30th Foal Eagle exercise and that naval participation in the drill will be carried out in two phases — phase one from Oct. 24-27 in the vicinity of Chinhae and Kunsan and phase two from Oct. 30-Nov. 6 in the vicinity of Ulung-do Island and Pohang.

Combined Korea-U.S. Naval Forces will demonstrate their interoperability of amphibious land training, anti-air, antisurface and antisubmarine assets, special training and mine clearing, the USFK spokesman noted.

Some 10 U.S. warships, including the USS Blue Ridge, the flagship of the Seventh Fleet, will participate in the exercise, the spokesman added.

### U.S. To Ship Convoys to Guam for 'Emergency'

*SK1310113995 Seoul CHUNGANG ILBO in Korean 13 Oct 95 p 1*

[Report by Kim Min-sok]

[FBIS Translated Text] It was learned on 12 October that the United States has deployed additional transportation convoys to Guam to assist in any emergency on the Korean peninsula.

According to high-ranking ROK-U.S. military officials, the United States recently shipped to Guam combat equipment for an entire Army or Navy brigade aboard four to five large transport ships, in order to enable the rapid dispatch of U.S. troops from the U.S. mainland or Okinawa to assist the ROK Army if a war were to break out on the Korean peninsula.

It was confirmed that the convoys were loaded with advanced combat equipment, including combat cars, field guns, helicopters, fighter planes, and support planes.

Combat equipment from the two convoy deployed in Guam or Tinian will be used by the Third U.S. Navy Expeditionary Force stationed in Okinawa, and the rest will be used by the U.S. Army or Marines from the U.S. mainland.

The recently deployed convoys are rapid deployment forces that can be deployed on the Korean peninsula in the shortest time in an emergency. The strategic force was established in accordance with the U.S. Department of Defense's new defense plan (BUR) [expansion unknown] which was issued in 1993.

The prepositioned U.S. combat equipment, which can be deployed on the Korean peninsula in about 10 days in an emergency, has been increased from the current two brigades in Tinian and on the ROK's east coast, to three brigades, thus reinforcing deterrence measures against North Korea.

### Trial of Indicted U.S. Servicemen Viewed

*SK1310022595 Seoul THE KOREA TIMES in English 13 Oct 95 p 3*

[FBIS Transcribed Text] Two United States Forces Korea [USFK] servicemen indicted on suspicion of assaulting a Korean man in a Seoul subway station during a brawl in May, yesterday flatly denied they beat him during the first session of a trial for the "subway incident" which stirred up anti-American sentiment among Korean people.

Serg. Frank Golinar and the other defendant said that they did not beat Koreans and rather they were beaten by Koreans while trying to stop them assaulting Golinar's Korean wife, So-hui, at the Chungmuro Station on May 19.

The trial is being held at the Seoul District Court, and is presided over by Judge Kim Tong-hwan.

The American soldiers were prosecuted without physical detention on charges of violating the Law on the Punishment of Violent Acts.

They allegedly ganged up to beat Cho Chong-kuk, 28, who was trying to stop them from creating a disturbance at the subway station late at night.

Cho suffered an injury requiring three weeks of medical treatment. He later staged a two-day hunger strike in front of the U.S. compound in Yongsan, demanding the punishment of the U.S. servicemen involved.

Meanwhile, the court fined Corporal Groff Grant and So-hui Golinar 1 million won and 500,000 won for their involvement in the violence, the penalty sought by prosecutors, in a summary judgment.

### Foreign Minister on Japan, North, U.S. Ties

*SK1310091195 Seoul YONHAP in English 0818 GMT 13 Oct 95*

[FBIS Transcribed Text] Seoul, Oct. 13 (YONHAP) — Foreign Minister Kong No-myong Friday urged Japan to pay serious attention to South Korea's request that Japan change its position on Article 2 of the 1910 Korea-Japan annexation treaty in which Tokyo maintains that the treaty was legally valid.

"We sincerely hope that the Japanese Government will give us serious consideration regarding the demarche we took yesterday," said Kong in response to questions raised by reporters at a luncheon meeting of the Foreign Correspondents' Club at the Press Center in downtown Seoul.

Asked whether the South Korean Foreign Ministry has any plan to take further steps in response to Japanese

Prime Minister Tomiichi Murayama's controversial remarks on the legality of the annexation treaty, Kong said, "We have exhausted all our means for the time being."

He was referring to the fact that he summoned the Japanese ambassador here, Shintaro Yamashita, Thursday and South Korean Ambassador to Japan Kim Taechi called on the Japanese vice foreign minister to express Korea's concern over Murayama's remarks.

Kong also said that a common understanding of the historical facts could well work towards improving future-oriented relations between the two countries.

On the assertion raised by a Japanese correspondent that the late North Korean leader Kim Il-song is responsible for the division of the Korean Peninsula rather than Japan, Kong said, "When President Kim Yong-sam said that the division of the Korean Peninsula was a consequence of the Japanese colonization of the peninsula, he meant that, if Japan had not colonized Korea, the United States and the Soviet Union would not have come to Korea to disarm the Japanese army."

On the proposed revision of the Status of Forces Agreement (SOFA) which establishes the legal rights of American servicemen stationed in South Korea, Kong said, "At the moment, the two governments are negotiating some reforms to the agreement."

Kong acknowledged that some disparities exist between the SOFAs of South Korea and Japan, which are often cited as reasons for outrage here directed toward the United States, but cautioned that "some resentment by journalists and sentimental outbursts by the people would not contribute to a constructive relationship."

He said that South Korea is seeking improvements on criminal procedures, labor dispute settlement processes and environment-related clauses in the SOFA negotiations.

On the question of whether he agrees with the recent remarks made by U.S. Ambassador to South Korea James Laney in which he said that the South Korean press is prejudicial in dealing with incidents involving American soldiers here, Kong said that "I don't want to be put on the hot seat," just adding that the press should be objective.

On the recent efforts for improved relations between North Korea and Japan, Kong said that, "What President Kim tried to say is that we are basically not opposed to a closer relationship between North Korea and Japan or any other country."

Kong, however, said that any meaningful dialogue between South and North Korea should precede any improved relationship between North Korea and other countries, adding that President Kim's remarks just days earlier, which urged Japan to exercise caution in proceeding with a plan to improve relations with the North, do not represent any change in the South Korean Government's policy toward North Korea.

The Foreign Minister said that South Korea is not ready to lift limits on economic cooperation between South Korean firms and their North Korean counterparts, adding that a resumption of dialogues between the South and North is essential to any expansion of inter- Korean Economic Cooperation.

Kong added that there is no reason why he should be pessimistic about the results of the Senior Officials Meeting (SOM) currently underway in Tokyo, which are working on an action agenda draft that will be used at the Asia Pacific Economic Cooperation (APEC) summit meeting in Osaka, later in October.

On the planned visit by Chinese President Jiang Zemin to South Korea, Kong said that the exact itinerary of President Jiang will be announced at an appropriate time early next month.

"He will visit Seoul, of course, but details have not been worked out."

### Kim Yong-sam To Visit Canada, UN

*SK1310104095 Seoul YONHAP in English 0803 GMT 13 Oct 95*

[FBIS Transcribed Text] Seoul, Oct. 13 (YONHAP) — President Kim Yong-sam, accompanied by first lady Son Myong-sun, will depart next Monday on official visits to Canada and the United Nations headquarters in New York.

Chongwadae [presidential offices] announced Friday the list of people who will comprise an official entourage accompanying the chief executive on his visit to Canada or the United Nations and of 28 business leaders who will travel with him to Canada.

Following a six-day visit to Canada Oct. 16-21, President Kim is scheduled to fly to New York where he will attend and deliver an address before a special summit conference of world leaders at UN headquarters in commemoration of the 50th anniversary of the world body. Staying in New York Oct. 21-26, the chief executive will also have a series of talks with the heads of such South Korean allies as Japan, France and Israel.

On his way home, the president will also make a stopover at U.S. Pacific Command in Honolulu, Hawaii, on Oct. 26, where he will be briefed on the military situation on the Korean Peninsula and tour American naval bases there, before departing for home on Oct. 28.

Among officials who are to accompany him to both destinations are Foreign Minister Kong No-myong, chief secretary to the ruling Democratic Liberal Party President Pak Pom-chin and chief presidential bodyguard Kim Kwang-sok, senior economic presidential secretary Han I-hon, senior presidential foreign and national security secretary Yu Chong-ha, presidential spokesman Yun Yo-chun, chief presidential protocol officer Kim Sok-u and chief Foreign Ministry protocol officer Mun Tong-sok.

Accompanying the president on only the Canadian leg of his trip will be Agriculture, Forestry and Fisheries Minister Choe In-ki, Trade, Industry and Energy Minister Pak Chae-yun, Ambassador to Canada Sin Ki-pok, Chairman of the Joint Chiefs of Staff Gen. Kim Tong-chin and the Foreign Ministry's American Affairs Bureau director Im Song-chun.

In his visit to the UN headquarters, the chief of state will be accompanied by Ambassador to the United Nations Pak Su-kil and Foreign Ministry UN Bureau Director-General Ham Myong-chol.

Included among the 28 business leaders will be Choe Chong-hyon, chairman of the Federation of Korean Industries, President of Korean Airlines Cho Yang-ho, President of the Korean Federation of Small Businesses Pak Sang-hui and Chairman of the Hyundai Group Chong Se- yong.

In addition, the chairmen of the Daewoo Group, Samsung Electronics, Sammi Group, Kohap Corp., Hanil Group and Kumho Group as well as the presidents of LG Electronics, Kolon Corp., Posco Development Corp., Doosan Corp., Korea Telecom and Korea Electric Power Corp. will also accompany the president to Canada.

### North Defector Holds News Conference

*SK1310051995 Seoul YONHAP in English 0505 GMT 13 Oct 95*

[FBIS Transcribed Text] Seoul, Oct. 13 (YONHAP) — A North Korea defector here said Friday that North Korea's de facto leader Kim Chong-il has not been able to assume the offices of state president and general-secretary of the Workers' Party because he has been unable to gain complete control of the military.

Army "sangjwa," a rank between lt. colonel and colonel, Choe Chu- hwal, 46, of North Korea's People's Armed Forces held a press conference at the Press Center in downtown Seoul Friday morning.

He said, "Kim has not been able to gain complete control of the military, as a considerable number of military officials obey Kim Chong-il outwardly but in fact they oppose Kim."

He added that in 1992 several army generals attempted a coup d'etat but that the coup failed.

"Kim Chong-il provided senior military officials with luxurious homes or expensive cars to win them over," Choe said.

He added that Kim Chong-il may take office after he solves the problems of political instability and the North's economic difficulties.

Choe defected to South Korea through a Southeast Asian country several weeks ago. He was working as head of a joint-venture department of Yongsong Trading Co. in a Chinese town near the China-North Korea border. The trading company is operated by the People's Armed Forces of North Korea, he said.

Choe is the highest-ranking North Korean military officer to ever defect to South Korea.

Choe said that Kim Chong-il has appointed his close aides to major military posts in order to gain complete control of the military. Among those military officers who are known to be close to Kim are Kim Yong-u, Kwon Yong-hui and Chang Song-u, he disclosed.

As to what motivated him to defect, Choe explained that he has known the real situation in the South through contacts with South Koreans when he lived overseas as a member of the Foreign Affairs Bureau of the Ministry of People's Armed Forces. "Then I realized that the Kim Il-song and Kim Chong-il rule is a one-man dictatorial system oppressing democracy and I felt antipathy for the system."

He continued, "Last May I was dispatched to the Chinese city of Yanji as a representative of a trade mission and continued discussing trade affairs with South Korean businessmen without making reports to the North Korean authorities concerned. Then on June 19 I was ordered to return to the North for contacting South Koreans without approval from the proper authorities. I decided to defect to South Korea for fear that I would be punished after I returned to North Korea. I fled to Southeast Asia with the help of ethnic Koreans in China and defected to the South at the end of last month."

Choe noted that the food supplies to some North Korean regions were suspended in December 1993.

"Food supplies to some mountain areas in Kangwon and Hamkyong Provinces were suspended in December

1993. The North Korean authorities, however, may be saving, for military use, part of the rice South Korea and other countries have provided," he said.

He also added that there is a possibility Kim Chong-il may provoke a war against the South because of political instability and economic difficulties inside the North.

"North Korea has stationed about 70 percent of its military forces South of Pyongyang," he said.

### Profile on Defecting North Officer

*SK1310040495 Seoul YONHAP in English*
*0346 GMT 13 Oct 95*

[FBIS Transcribed Text] Seoul, Oct. 13 (YONHAP) — North Korean Defector Col. Choe Chu-hwal, 46, who held a press confesence in Seoul Friday, is the highest ranking North Korean military officer to ever defect to South Korea.

Having joined the People's Armed Forces in July 1968, Choe served as deputy military attache at the North Korean Embassy in Czechoslovakia for three years. Since then he has served at various posts under the People's Armed Forces Ministry and, accordingly, is well versed on the internal situation of the North's military.

Born in Chongjin city, North Hamkyong Province in 1949, Choe attended a foreign language school in Pyongyang until the 10th grade, before joining the Army at 19.

After studying Russian for two years at the foreign language institute, affiliated with the Armed Forces' Reconnaissance Bureau, beginning in 1970, Choe was appointed an interpreter trainee at the Foreign Affairs Bureau, under the People's Armed Forces Ministry in 1972. Admitted to the third grade of the Pyongyang Foreign Language School in August 1975, Choe studied Russian for three more years until September 1979.

While working as a guidance cadre at the Foreign Affairs Bureau until May 1979, Choe was assigned to the North Korean Embassy in Prague as a deputy military attache, a post which he held until July 1987.

Upon his return home, he was appointed deputy director of the Foreign Affairs Bureau and promoted to "sangjwa," a rank between a full colonel and lieutenant colonel in 1991.

As an interpreter for military delegations, Choe had traveled to a number of socialist countries, including Russia and Hungary on more than 10 occasions since the 1980s.

Last January Choe was named joint venture department director at the Yongsong Trading Co., under the General Logistics Bureau at the People's Armed Forces Ministry. He kept the post until June before defecting to the South in late September through a third country.

Choe left his mother, wife, two sons and one daughter behind in the North.

Choe's elder brother, Kum-hwal, 51, also an Army sangjwa, is the director of the "Nov. 24 Management Office," under the Ordnance Bureau at the Ministry of Public Security.

### Kim Yong-chun Becomes New North Chief of Staff

*SK1310104695 Seoul YONHAP in English*
*1029 GMT 13 Oct 95*

[FBIS Transcribed Text] Seoul, Oct. 13 (YONHAP) — Vice Marshal Kim Yong-chun has recently been named as the chief of general staff of the North Korean People's Army. He succeeds Choe Kwang who assumed the ministership of the People's Armed Forces Ministry early this month.

The NAEWOE PRESS specializing in North Korean affairs reported Friday that Air Force Commander Cho Myong-nok has been named as director of General Political Bureau of the People's Army.

Kim Kwang-chin, a vice marshal, was made the first vice minister of the People's Armed Forces Ministry, NAEWOE said, adding that the first vice ministership was a post newly created.

When Choe Kwang was named as the People's Armed Forces minister on last Oct. 8, Choe and Yi Ul-sol were given the titles of marshal, while Cho Myong-nok, Yi Ha-il and Kim Yong-chun were promoted to vice marshals.

New Chief of General Staff Kim Yong-chun was born in 1992 [as received]. He was chosen as an alternate member of the Workers' Party Central Committee in 1980, full member in 1986, and promoted to general in April 1992.

### Official Notes Conditions for North Contacts

*SK1210124895 Seoul YONHAP in English*
*1205 GMT 12 Oct 95*

[FBIS Transcribed Text] Seoul, Oct. 12 (YONHAP) — Deputy Prime Minister Na Ung-pae said Thursday the government would study the possible creation of an office in charge of dispersed family issues with a view to promoting their resolution more effectively.

While answering questions at a parliamentary inspection, Na said the government would steadily promote contacts, inquiry into the fate of missing families, and the exchange of letters between the families dispersed in the two Koreas.

Concurrent national unification minister, Na also said his ministry would carry on efforts to resume South-North dialogue.

He added, however, any dialogue that may be held should be talks between government authorities taking place under formal framework.

Regarding the issue of any donation of flood aid to North Korea, Na said flood assistance can be considered only after North Korea showed sincerity toward resolving the pending issues like the repatriation of seized Usong-ho fishing boat and its crew persons.

Asked if there would be any additional rice delivery to North Korea, Na said the government does not intend to give any assistance in kind any more though there may be indirect assistance by means of economic cooperation once dialogue resumes normally.

### Daily Views Increasing North Military Influence

*SK1310015395 Seoul CHOSON ILBO in Korean 12 Oct 95 p 31*

[Article by CHOSON ILBO's North Korean team, including team chief Kim Hyon-ho and reporters Kim In-ku, Ku Song-chae, Kim Yon-kwang, and Song Ui-tal]

[FBIS Translated Text] It is believed the Kim Chong-il regime is becoming a military regime. On 10 October, rather than hold a report meeting, North Korea held a military parade to mark the 50th anniversary of the founding of the Workers Party of Korea [WPK]. Even the "report" was given by Choe Kwang, minister of the People's Armed Forces.

Analyzing Choe Kwang's speech, ROK Government officials assessed: "Choe's WPK anniversary speech could be mistaken for a speech given at the anniversary of the Korean People's Army [KPA]. The military appears to have a dominant influence over the party and the Administration Council."

Addressing the report meeting marking the third anniversary of Kim Chong-il's inauguration as supreme commander, which was held on 23 December 1994, Choe Kwang touched on several nonmilitary fields, including the party's revolutionary economic strategy.

On 8 October, just prior to the 50th anniversary of the founding of the WPK, North Korea announced military promotions without mentioning the inauguration of the party general secretary or the president, and without reshuffling the party and government. This can also be interpreted as the Kim Chong-il regime is exercising military control. When Kim Chong-il issued the order of the supreme commander on the construction of the second phase of Chongnyu Bridge and the second Kumnung Tunnel on 9 November 1994, Kim Chong-il instructed the Administration Council to place top priority on supplying equipment and material for the construction.

Kim Chong-il visited a KPA unit on New Year's day, and has frequently attended military events (13 out of 21 events) this year.

The North Korean military is also known to be actively involved in external negotiations, including the negotiations on light-water reactors. An ROK Government official stated: "The negotiations on opening liaison offices in North Korea and the United States is being delayed due to resistance from the military on sending diplomatic pouches through Panmunjom." Another official participating in the negotiation on the light-water reactor project stated: "The North Korean negotiation team overtly complained that 'this will be difficult for hard-line military forces to accept,' proving the military has a strong influence over policy making in North Korea."

It is felt North Korea chose the military ruling system because military control is more efficient in overcoming its recent economic difficulties and in maintaining the regime. North Korea needs strong internal control to prepare for the foreign way of thinking that will come with expanded exchanges with foreign countries.

In this regard, military rule will continue for a while. Some analysts expect a constitutional revision during the next congress of the Supreme People's Assembly in order to legitimate the current ruling system. Some analysts even speculate that the presidency will remain with Kim Il-song forever, although Kim Chong-il will succeed to the post of party general secretary.

### North Proposes List of Exports to South

*SK1210120395 Seoul HANGUK ILBO in Korean 12 Oct 95 p 9*

[FBIS Translated Text] It was learned on 11 October that North Korea suggested, through the Yanbian Korean Autonomous Prefecture of China, the possibility of exporting 23 goods and technology items to the ROK.

According to the Industrial Technology Information Institute, North Korea has recently sent to the ROK, through the Scientific and Technological Information Institute of China's Yanbian Korean Autonomous Prefecture, a list of 18 items, such as calcium carbonate, phosphate, surface-treatment agents, and high-vacuum pumps, and five technology items such as ore-dressing and surface treatments for silundum heating elements which five companies, such as Wolmyongsan Trading Company, Choson Industrial Technology Company, Pyongbuk Tongnim Chemical Daily Necessities Plant, and Hwasong Trading General Company wish to export.

The list was handcarried and delivered to Namgung Pong, manager of the Northern Information Development Department of the Industrial Technology Information Institute, by Yi Chong-sik, deputy director of the Science-Technology Information Institute of the Yanbian Korean Autonomous Prefecture of China, who came to the ROK to attend a training session at the Industrial Technology Information Institute.

Manager Namgung said that upon review of the list, he found that although the items are reasonably priced, they appear to be somewhat inferior in quality and technological standard to our goods and technology but that the raw materials appear to be competitively priced.

### Lawmaker: North Proposed Joint Reactor Project

*SK1210063895 Seoul YONHAP in English*
*0612 GMT 12 Oct 95*

[FBIS Transcribed Text] Seoul, Oct. 12 (YONHAP) — North Korea had proposed that South and North Korea jointly construct a nuclear power plant in a North Korean area near the Demilitarized Zone in 1992, but South Korea never responded to the proposal, a lawmaker said Thursday.

Rep. Son Se-il of the main opposition National Congress for New Politics (NCNP) said that Kim Tal-hyon, North Korea's chairman of the External Economic Affairs Commission, made the proposal when he visited Seoul at the invitation of then-Deputy Prime Minister Choe Kak-kyu in July 1992.

Rep. Son, a member of the National Assembly's Unification and Foreign Affairs Committee, revealed the proposal during his committee's parliamentary inspection of the national unification ministry.

"The South Korean Government did not answer the proposal, and it failed to be discussed since Choe's visit to the North was concelled because of a North Korean spy case in the South," Rep. Son stated.

Rep. Son said that if the proposal had been discussed and progress had been made, the North Korean nuclear problem which caused a great sensation around the world would never have happened.

### North Gold Bars Worth $262 Million

*SK1210100595 Seoul HANGUK ILBO in Korean*
*12 Oct 95 p 8*

[FBIS Translated Text] On 11 October the Office of Customs Administration revealed in its report submitted to parliamentary inspection that the gold bars that have been imported from North Korea to our country since 1991 total 22 tonnes worth $262.45 million.

According to the Office of Customs Administration, North Korean gold bars were first introduced into our country in 1991, and since then the amount of imported gold bars has increased steadily. In 1991, 1,500 kg (worth $17.53 million) of gold bars were brought in; in 1992, 3,400 kg (worth $37.19 million); in 1993, 6,900 kg (worth $78.65 million); and in 1994, 5,300 kg (worth $64.65 million). This year alone, 5,000 kg of gold bars (worth $61,40 million) had been imported as of August.

### Japanese Premier Admits Annexation Treaty Unfair

*SK1310102495 Seoul YONHAP in English*
*0726 GMT 13 Oct 95*

[FBIS Transcribed Text] Tokyo, Oct. 13 (YONHAP) — Socialist Prime Minister Tomiichi Murayama on Friday admitted that the 1910 Korea-Japan annexation treaty was unfair when he said, "I don't think the treaty was equal between Korea and Japan."

Testifying at a lower house Budget Committee hearing, however, he defended himself from the backlash expressed by both North and South Korea in response to his recent remarks in which he said Japan's annexation of Korea in 1910 was legal, adding that Japan annexed Korea under a formal agreement and that "You cannot help but recognize it as a treaty."

He made the remarks when Rep. Hiroshi Yamada of the opposition New Frontier Party asked what his reaction was to Seoul making a diplomatic issue of his comments about the treaty being legal at an upper house hearing last week.

Before answering Yamada's question, the prime minister said he had given an insufficient explanation for his comments regarding the annexation treaty, adding that he is concerned about the increasing repercussions which his remarks in the upper house are causing.

He explained that he doesn't have any evidence indicating whether or not Korea was forced to sign the treaty, but that considering the situations of the two countries at the time, "I don't think the treaty was equal between Korea and Japan."

Since Japan's colonial rule of Korea is an undeniable fact, Japan should take a good look at, and also reflect on, this historical fact in order to promote friendly relations with Korea in the future, he added.

Meanwhile, International Trade and Industry Minister Ryutaro Hashimoto, who concurrently heads the liberal Democratic Party, a key component of Murayama's coalition cabinet, said he would not have suppressed his rancor if he had been forced to change his Japanese name to Korean one, expressing his sympathy for the Korean people who suffered during the island nation's colonial rule of the peninsula.

### Government Agrees To Hold Military Equipment Talks

*SK1310034295 Seoul THE KOREA HERALD in English 13 Oct 95 p 3*

[FBIS Transcribed Text] TOKYO (Yonhap) — South Korea and Japan have agreed in principle to hold talks regularly on military equipment information, the Japanese daily SANKEI SHIMBUN reported on Thursday [12 October].

SANKEI reported that South Korea has suggested the information exchange when a senior Japanese defense official visited Seoul Sept. 16.

The newspaper said defense ministers from both countries were scheduled to officially agree on that last month but the agreement was delayed because of procedural matters on the Korean side.

The two countries will make known to each other their military information on gears and exchange technologies on equipment maintenance in future talks.

The newspaper also said South Korea is expected to request Japan to offer its rich experience on navy and air force equipment operation while Japan is likely to show interest in Russian T-80 tanks and military aircraft to be introduced by South Korea.

### Paper's President, Ding Guangen on Mutual Ties

*SK1310063595 Seoul SEOUL SINMUN in Korean 13 Oct 95 p 2*

[By correspondent Yi Sok-u from Beijing]

[FBIS Translated Text] On the morning of 12 October, Son Chu-hwan, president of SEOUL SINMUN, who is in the PRC to discuss forming an affiliation with RENMIN RIBAO, held extensive talks with Ding Guangen, member of the Political Bureau of the CPC Central Committee and head of the party Propaganda Department, on ways to promote mutual cooperation between the two countries.

During the talks, which were held on the third floor of the party Propaganda Department building and which lasted for 70 minutes, Son Chu-hwan and Ding Guangen agreed that the role of the media of the two countries must be emphasized for the development of ROK-PRC relations and to enhance the interests of each country.

They also agreed that mutual visits by the leaders of the two countries over the past three years since the establishment of diplomatic relations has played a major role in understanding each other. Son especially conveyed the ROK's expectation on President Jiang Zemin's upcoming visit to the ROK slated for mid-November.

Ding Guangen emphasized that President Jiang Zemin's visit to the ROK will play a major role in developing relations between the two countries.

Ding Guangen added: "For a man who is 91 years old, Comrade Deng Xiaoping is very healthy, and he has been saying it is his desire to participate in the ceremony to return Hong Kong to the PRC in 1997. I believe Comrade Deng Xiaoping will be able to participate in this ceremony without fail."

### Aircraft Project With PRC 'Stuck in the Mud'

*SK1210071295 Seoul THE KOREA TIMES in English 12 Oct 95 p 8*

[FBIS Transcribed Text] Korea and China have been stuck in the mud in their joint development project of a 100-seat aircraft being carried out under the bilateral industrial cooperation.

Samsung Aerospace Industries, leading the Korean participants, and its Chinese counterpart have failed to even draw up a draft on details for selecting a third party which will provide technology for the joint venture project.

The two sides submitted a report on the feasibility study to their respective governments by the end of last month.

It is reported that the two sides are scheduled to have a meeting with potential third parties in Beijing during the four-day air show which started yesterday.

Both governments hope that the thorny issue will be solved before Chinese President Jiang Zemin visits Seoul in mid-November.

As a result, the meetings will decide how smoothly the projects will proceed, an observer said. The two sides are expected to discuss the selection of a third party, locations of the assembling plant, designing office and joint venture firm, as well as other pending issues.

Potential technology providers are Boeing Co. and McDonnell Douglas of the United States, a European consortium composed of Aerospatiale of France and DASA of Germany and other European makers.

Boeing and the European consortium have been competing through their initial reports on technology transfer and other suggestions.

But the two candidates have been asking for expensive royalties. there are big differences in the scope and kind of technology each supplier and manufacturer is able to transfer. This has made it difficult for Korea and China to select a third partner, and the selection is expected to be delayed.

A thornier problem has been deciding the location of the assembly plant. Both sides have insisted that the plant be located in their own territory. The assembly is divided into three stages— intermediary, final and installation of equipment in aircraft. A Trade, Industry and Energy Ministry official said each side wants to locate the final assembly plant in its own country for easier technology transfer.

Korea and China are also much concerned about the location of the assembly plant because a base model can be expanded or reduced within 15 percent of the original.

They are also at odds concerning the location of a joint venture firm and the designing office.

### DLP To Nominate Presidential Candidate

*SK1310053295 Seoul YONHAP in English*
*0450 GMT 13 Oct 95*

[FBIS Transcribed Text] Seoul, Oct. 13 (YONHAP) — President Kim Yong-sam said Friday the ruling Democratic Liberal Party (DLP) would nominate its standard-bearer for the 1997 presidential race in due process provided for by the party constitution "at an appropriate time in consideration of public opinion."

Speaking in an interview with the KANGWON ILBO newspaper on the occasion of its 50th anniversary, Kim, who also heads the DLP, remarked that his recent remarks in which he said the DLP would nominate a "surprisingly young" candidate for the next presidential election in order to achieve a generational shift have been misunderstood and that he would not personally nominate the candidate.

As for the general elections slated for next April, Kim said the DLP would nominate its parliamentary candidates in due time, taking into account their reputation among voters, the likelihood of their getting elected and their competence and qualifications as lawmakers.

Asked about opposition leader Kim Tae-chung's call for a government-opposition summit meeting, the chief executive replied he would meet with anybody if such a meeting would help his government administer state affairs, adding, however, that he had no plans of meeting with any opposition leader in the immediate future.

Noting that the issue of inter-Korean relations has troubled him most as president during the past two and half years, he said this is not the proper time to discuss an inter-Korean summit meeting because North Korea has not yet formally name a successor to Kim Il-song since his death.

As for cooperation between the central and local governments, Kim said the central government should step up efforts to cooperate with local governments and work out effective measures to control regional rivalries among local governments.

He predicted that Kangwon Province would be an industrial hub of the East Sea [Sea of Japan]-rim area comprised of Korea, Japan, China and Russia, noting the province would see larger development projects launched as soon as construction of the high-speed railway linking the west to the east coast and the new international airport are underway.

# Brunei, Malaysia & Singapore

## Singapore

### Goh Chok Tong Leaves for UN Meeting

*BK1210124395 Singapore Radio Corporation of Singapore in English 1000 GMT 12 Oct 95*

[FBIS Transcribed Text] Prime Minister Goh Chok Tong will attend a special commemorative meeting of the UN General Assembly. It is to mark the 50th anniversary of the world body and will be held in New York from the 22d to the 24th of this month.

Mr. Goh will deliver a statement to the General Assembly. While in New York, the prime minister will also hold bilateral meetings with a number of his counterparts.

The prime minister is on leave in the United States from today. During his absence, Brigadier General Lee Hsien Loong will be the acting prime minister.

### Indonesia's Alatas Views S. China Sea Projects

*BK1210113795 Singapore THE STRAITS TIMES in English 11 Oct 95 p 1*

[Report by Paul Jacob — Jakarta Correspondent]

[FBIS Transcribed Text] Balikpapan (East Kalimantan)—Indonesian Foreign Minister Ali Alatas said yesterday that governments intent on promoting peace and cooperation in the South China Sea should move to implement projects already identified through a series of informal meetings Jakarta has hosted since 1990. He said that, in the absence of a conflict-resolution mechanism on issues such as overlapping sovereignty claims to islands in the area, cooperation "could serve as an effective instrument of preventive diplomacy".

This would help ensure peace, stability and security in the region, he told participants attending the sixth annual workshop here on managing potential conflicts in the South China Sea.

Maintaining that nations could cooperate without impinging on the thorny sovereignty issue, he said the potential for conflict inherent in overlapping claims could be turned into an opportunity for peaceful cooperation.

"Indonesia encourages all the parties concerned to seize the peaceful and cooperative mood in our region as a timely opportunity to engage in mutually beneficial cooperation," he said.

The annual workshops, he said, showed that the region had experts to carry out projects and could garner resources required for their implementation: "The only question now is whether we have the political will."

The suggestion that governments should move to implement cooperative projects met with positive responses from a number of delegates, including the chief representatives of China and Taiwan.

Mr Alatas reminded participants at the three-day meeting that "recent developments" showed that controversy and tension over territorial and jurisdictional claims continued to arise.

This was a reference, in part, to events in February when Manila accused Beijing of sending its navy and building an outpost on Mischief Reef, near the Philippine island of Palawan.

China said the structures were shelters for fishermen.

The Philippines and China are among six nations with overlapping claims in the Spratlys, potentially resource-rich islands straddling international shipping lanes in the South China Sea. The other claimants are Brunei, Malaysia, Taiwan and Vietnam. China and Vietnam also claim the Paracel islands north of the area.

The region must watch developments as conflict would not only affect stability and development, but also shipping lanes — which could provoke "external intervention from countries that believe their interests are affected", he said.

Previous workshops which academics, legal experts and officials attend in their private capacities — agreed that cooperation among littoral states was possible and urged claimants to resolve overlapping claims through peaceful means.

But he said informal dialogue and identification of areas for cooperation was in itself not enough and would be more convincing if coupled with cooperative action. "I suggest the time has come to begin implementation of cooperative projects. I also hope we can now engage the appropriate authorities in our countries more directly in implementing these projects," he said.

These should include nonsensitive areas such as biodiversity studies, sea-level and tide monitoring, pollution control, safety of navigation and control of piracy.

Participants from all six claimant countries are attending the workshop along with representatives from Indonesia, Singapore, Thailand, Laos and Cambodia.

Delegates yesterday also reviewed reports from technical groups which examine areas such as marine research, legal matters and safety of shipping and navigation.

## Cambodia

### King Opposes Ranariddh on Death Penalty

*BK1310050895 Phnom Penh REAKSMEI KAMPUCHEA in Cambodian 13 Oct 95 pp 1, 2*

[Report by Neay Tek]

[FBIS Translated Excerpt] His Majesty King Norodom Sihanouk voiced his opposition, in a 9 October letter, to a call by First Prime Minister Prince Krompreah Norodom Ranariddh for a constitutional amendment to include capital punishment in the supreme law.

The king, who has just undergone an eye operation at the Beijing hospital, said: "I fervently hope that the Royal Government and the National Assembly will continue to preserve the abolition of the death penalty, and to implement liberal democracy and the multiparty policy as enshrined in our present Constitution."

Two weeks before the king's message, Prince Krompreah Norodom Ranariddh publicly announced his intention to have the Constitution amended so that a clause on capital punishment can be included in the supreme law of the nation. The prince's call was prompted by an increase in manslaughter, especially murder in the process of kidnapping or robbery, and drug trafficking which are unprecedented in Cambodia. [passage omitted]

### Route 4 Not Fully Protected by Government Troops

*BK1310103295 Phnom Penh REAKSMEI KAMPUCHEA in Cambodian 13 Oct 95 pp 1, 5*

[Report by B. Sela]

[FBIS Translated Text] A Kompong Speu provincial official — speaking on condition of anonymity — told REAKSMEI KAMPUCHEA last month that the Khmer Rouge rebels have destroyed National Route 4 even before the restoration of the highway is complete. Over 140 Khmer Rouge elements from the 19th, 18th, and 27th divisions have been involved in the destruction.

During the current rainy season, the Khmer Rouge has actively trained its troops in the production of homemade mines. They will lay those mines on Route 4 when they have the opportunity to do so. So far the route, which is being under repair, has already been blown up four times.

So far 21 homemade mines have exploded on the national route — four have exploded in Kompong Speu Province while another 17 have gone off in Koh Kong Province.

The same source added that owing to the constant patrols carried out lately by the units responsible for the protection of National Route 4, the Khmer Rouge rebels dare not stage their destructive activities as before, although they are still persistent in wrecking the route.

In early October, the militia unit in Treng Ta-yoeng commune discovered 60 homemade mines near the national route. The mines were brought and hidden by the Khmer Rouge in the area for the purpose of destroying the route when the opportunity allows.

It is also reported that most of the rebellious Khmer Rouge bandits in the area are from the 18th and 27th divisions and that 20 percent of the 19th division forces, which were dissolved in recent months due to the replacement of its commander, have already been rebuilt.

There are a great many gaps in the national route 4 protection network because the government troops have only been posted in groups. Should the Khmer Rouge remain persistent, mines will certainly explode again on the route.

### Rebels Criticize U.S. Vietnam Policy

*BK1210130695 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 2330 GMT 11 Oct 95*

[Unattributed commentary]

[FBIS Translated Text] 1. Winston Lord, U.S. Under Secretary of State for East Asian and Pacific Affairs, announced recently in Washington in an open and arrogant manner that the Clinton administration is colluding with communist Vietnam to continue fuelling war in Cambodia and to expand the American role in Southeast Asia.

2. The American policy of sustaining Vietnam constitutes a great danger to the Cambodian race and peace, security, and stability in all Southeast Asian and Pacific regions. Now, the American administration has become directly involved in the communist Vietnamese war of aggression in Cambodia and joined communist Vietnam in eradicating our race. It lets communist Vietnam wolf down and swallow Cambodia as was the case of Kampuchea Kraom [ancient Cambodian territory lost to Vietnam in the 17th century].

3. The policy of this guy called Clinton is the most barbaric, wicked, and cruel policy against our nation and people, who used to be victims of the war of aggression conducted by the United States between 1970 and 1975. The United States did away with the then independent, peaceful, neutral, and nonaligned Cambodia. Hundreds of thousands of our people were killed like animals in bombardments by B-52 bombers and other warplanes with over 500,000 metric tons of bombs. Our Cambodia

was devastated totally. The great crimes committed by the United States have already been recorded in the history of Cambodia and the world.

4. Now as the United States is colluding with communist Vietnam to do away with the Cambodian nation and race, our people are joining the Provisional Government of National Union and National Salvation [PGNUNS] in denouncing, with the most intense and resolute hatred, the arrogant and crazy American policy of sustaining the communist Vietnamese in Cambodia. It was the American administration which, in connivance with communist Vietnam, sabotaged the Paris accord, preserved the Vietnamese forces in Cambodia, maintained the regime of communist Vietnam and its puppets, banded together the nation-betraying two heads, and destroyed peace and national reconciliation. It has also continued to inflame war.

5. For 17 years, our nation and people have joined forces to fight to save our nation and protect our race. Our nation and people, with their courageous and brave struggle record, will never allow the United States and communist Vietnam to annihilate our nation. The struggle jointly waged by our nation and people and the PGNUNS is presently causing the nation-betraying two heads to become decayed extensively. It is certain that the nation, the people, and the PGNUNS are absolutely able to liberate and save our nation and protect our race.

## Indonesia

### Article Views U.S. 'Hegemony' in East Asia

*BK1310112495 Jakarta MERDEKA in Indonesian 10 Oct 95 p 6*

[Article by Tribuana Said: "East Asia, the Center of the World, Under U.S. Hegemony?"]

[FBIS Translated Text] In the old world atlas left behind by the colonialists and seen from the post-World War II perspective of the Western elite, Asia was an "overseas region" and East Asia was referred to as the "Far East," a region full of exoticism. However, with the end of the Second World War, one by one, the Asian leaders created a momentum in their bid to wrest power from the colonialists and to seek to uphold their dignity and self-esteem, which had long been trodden down by the colonialists.

The elite and radical societies in the West (and their foreign followers) put Asia on the periphery. Asia had gained its independence with only a relative autonomy granted by the West. Western society is presently diminishing. The East-West conflict is associated with national cultures and the recent "Clash of Cultures" (Western values versus non-Western values), basically indicates that the peoples of Asia are resolute in their determination to uphold their full freedom (according to Samuel P. Huntington: in Asia, particularly in East Asia, such a clash of cultures will dangerously intensify and persist in the future.)

Asia is truly a vast continent, consisting of West Asia, Central Asia, North Asia, South Asia, and East Asia. However, East Asia has progressed tremendously by leaps and bounds. Such a progress is within the context of modernization and international acceptance.

In the wake of terrific political and economic developments, nationalistic views are becoming so strong that East Asia can become the "New World Center." The question remains as to whether Asians themselves are prepared to fully develop strategic geopolitical and geoeconomic roles.

The role of leaders is of the utmost importance within the concept and structure of any influence or power. It is a fact that at the crucial moment of the emergence of a new Asia that is persistently moving forward, Indonesia's President Suharto is leading the Nonaligned Movement, which has a large membership and which is a truly a global power in itself — at least in terms of moral strength.

East Asian giant China, Japan, the ASEAN group and countries such as Korea and Taiwan remain strongly united in enhancing the global leadership of East Asia.

Notwithstanding all this, the United States remains a superpower following its major role in World War II and the conflicts it faced with the two major communist giants — China and the Soviet Union. As a result, numerous geopolitical and geoeconomic studies have viewed the U.S. hegemonic interest as the major point in all multilateral interactions.

According to observers who are still influenced by the U.S. potential and capability, the U.S. hegemony simply means that its administration or dominant role is supported by at least a group of countries.

The U.S. hegemony reached its global climax outside Russia and China from the time when British and French troops were withdrawn from the Suez Canal in the 1960's. The interests and methods of implementing its hegemony were reflected in the political, security, economic, and diplomatic strategies that went unchallanged.

However, currently, in terms of the criteria that are often used as a yardstick on the effect of such a hegemony, it can be seen that the United States' power is waning in this region. Such a decline can be observed in the military sector with the collapse of SEATO

(Southeast Asia Treaty Organization), the United States' withdrawal from the Vietnam war, and the withdrawal of its forces from the military bases in the Philippines.

In the economic field, the U.S. economic assistance continues to decline and its investments in the developing nations of East Asia have been overtaken by other developed nations in this region (Japan, Taiwan, and Singapore). Besides, its diplomacy in this region has drawn cynical criticism from its own investors. As such, the U.S. Administration had no alternative but to resume diplomatic ties with Vietnam.

In the Asia-Pacific Economic Cooperation [APEC], the United States accepts the consensus system in contrast to its assertion of its right of veto (alongside Britain, France, Russia, and China) in the UN Security Council. Feeling that power-sharing is inadequate, the ASEAN countries perpetually insist (despite the U.S. opposition) on setting up the East Asia Economic Caucus [EAEC] within APEC.

In March next year, the first ever Asia-Europe summit (with 15 leaders from Europe and 10 from Asia) will be held in Bangkok. The European leaders hope that the upcoming summit in Bangkok will run parallel to APEC.

## Laos

### Border Accord Signed With PRC, Burma

*BK1310022595 Vientiane KPL in English 0916 GMT 12 Oct 95*

[FBIS Transcribed Text] Vientiane, October 12 (KPL) — A signing ceremony of the ratification tool to the border junction agreement between Laos-China-Myanmar [Burma] was held here yesterday.

Participating in the signing ceremony were Mr. Phongsavat Boupha, deputy minister of foreign affairs, [and] the two ambassadors of China and Myanmar to Laos, Mr. Li Jiazhong, Mr. U Thein Han, respectively.

The border junction agreement between the Lao PDR [Lao People's Democratic Republic], the Union of Myanmar and the PR of China [PRC] was signed on April 8, 1994 in Yangon (Myanmar) and will be valid from the day of its ratification by the three countries. The border junction between the three countries is located in the middle of Mekong River and can be seen by a border mark jointly built by the three countries.

According to Mr. Phongsavat Boupha, the signing was aimed at affirming with respect to sovereignty and territorial integrity among the three countries in order to strengthening the ties of relationship, cooperation and understanding among the governments and people of the three countries. He stressed that the Lao PDR will give cooperation with the People's Republic of China and the Union of Myanmar in treaty implementation, landmark protection, giving education to people along the border.

The survey and demarcation of the 505-km long Laos-China border was conducted in April, 1992. Laos and Myanmar conducted a joint survey and demarcated their 236-km long border in June, 1993.

## Philippines

### Manila To Support Libya for UN Security Council

*BK1310070995 Quezon City Radio Filipinas in English 0230 GMT 13 Oct 95*

[FBIS Transcribed Text] Despite strong objections from the United States, Britain, and France, the Philippines will support Libya's bid for a non-permanent seat at the 15-member United Nations Security Council [UNSC].

Foreign Secretary Domingo Siazon, Jr. said and we quote, we will support Libya's bid at the UNSC since it is the only candidate representing the African regional group.

Siazon revealed that President Ramos has assured Tripoli of a Philippine vote through [Akmed bin Kayal], Libya's deputy foreign minister, who visited Manila early this month for the first Philippine-Libya Bilateral Commission Forum. Siazon said the assurance was given by President Ramos to [Kayal] without the benefit of a quid pro quo.

A high-ranking DFA [Department of Foreign Affairs] official, however, indicated that Libya had promised something in return. He said Libya has assured the Philippine Government of help in persuading Nur Misuari, chair of the Moro National Liberation Front [MNLF], to agree to a referendum on the creation of an autonomous Muslim Mindanao.

The ongoing peace talks between the Philippine Government and the MNLF suffered a setback when Misuari rejected the holding of a referendum. Misuari wanted the creation of the autonomous region to be based on the 1976 Tripoli Agreement which supposedly provides for the automatic inclusion of 13 Muslim-dominated provinces in the region. A referendum held during the Aquino administration resulted in the membership of just a few provinces in what came to be known as the Autonomous Region in Muslim Mindanao.

The Tripoli Agreement was the result of negotiations between Misuari and the Philippine Government represented by then First Lady Imelda Marcos in Libya in 1976. But the agreement contained a reference to constitutional processes which meant that the inclusion of the 13 Mindanao provinces in the autonomous region would not be automatic. This led to the continuation of the MNLF's armed struggle until 1987 when a cessation of hostilities was agreed between the Muslim secessionist group and former President Aquino. President Ramos continued the peace initiative, but like his predecessors, insisted on a referendum.

## Thailand

### Prime Minister To Meet Clinton at APEC Meet

*BK1310054495 Bangkok BANGKOK POST in English 13 Oct 95 p 3*

[Unattributed report]

[FBIS Transcribed Text] Prime Minister Banhan Sinlapa-acha will meet American President Bill Clinton during the Asia-Pacific Economic Cooperation [APEC] meeting in Japan next month, it was announced yesterday.

However, Deputy Premier Amnuai Wirawan said the two would not meet during Mr Banhan's visit to the United States this month when he is due to address the United Nations General Assembly.

Mr Clinton had no schedule to meet any foreign leaders during the assembly, he said.

That the two leaders will not meet does not mean Washington does not want to discuss the drug allegations made by the United States against Chart Thai Party deputy leader Watthana Atsawahem and its executive Narong Wongwan, said the deputy premier.

After the assembly, Mr Clinton will host a dinner for more than 150 world leaders but none will have a chance to meet one-on-one with him, said Mr Amnuai.

However, Mr Banhan will have another chance to meet the U.S. president in Japan during the APEC meeting which takes place in Osaka between November 14-20.

Regarding the new U.S. ambassador to Thailand who is yet to be appointed, Mr Amnuai said Washington is still busy restructuring the State Department and has had to delay its decision.

### Editorial Views Ban on Australian Journalists

*BK1310051195 Bangkok THE NATION in English 13 Oct 95 p 4*

[Editorial: "Why Ban All Australian Journalists?"]

[FBIS Transcribed Text] It is indeed unfortunate that the entire Australian press corps has been slapped with a visa ban by the Thai Foreign Ministry. Equally disturbing is the cartoon accompanying a story last December in THE AGE of MELBOURNE after an Australian jailed on drug charges in Bangkok was released as a result of a royal pardon on the occasion of His Majesty the King's birthday. The cartoon was later reprinted in THE DAILY TELEGRAPH-MIRROR despite a protest note by the Foreign Ministry.

Also, the Melbourne-based radio station 3AW had joined in the fray by soliciting comments on Thai Royalty.

According to the ministry, the ban became effective in August after Bangkok "failed to prevent the Australian media from publishing and airing inaccurate and disrespectful news on the king".

"The Australian press should be responsible for their colleagues, no matter where they work, whether in Thailand or Australia," a Foreign Ministry official told this paper on Wednesday.

The impending question now is whether a blanket ban on all Australian journalists is warranted following the culturally insensitive acts of a few black sheep in the profession.

One might recall a similar move carried out by Indonesia's President Suharto in the mid-1980's when the Australian press began carrying articles of the first family's wealth and personal business connections. All Australian journalists were banned entry into Indonesia. But the move, in fact, backfired. It put the Suharto government in a very bad light internationally, and depicted the regime as an authoritarian one that tolerated no criticism.

On the other hand, there are lessons to be learned in the way Malaysian Prime Minister Mahathir Mohamad has been dealing with the Australian press. In 1993, when Australian Prime Minister Paul Keating called him "recalcitrant" for boycotting the Asia-Pacific Economic Cooperation (APEC) leaders' summit in Seattle, the Malaysian premier did not lose his head and ban all Australian journalists from entering the country despite the adverse reports and columns appearing in the Australian press.

When Australian television stations aired the controversial "Turtle Beach" series, a local production portraying Malaysian authorities as lacking any compunction whatsoever when they fired upon Vietnamese boat people trying to land on Malaysian beaches, Kuala Lumpur again tried to resolve things diplomatically.

When an official protest was lodged with Canberra, Premier Keating said it was not within the power of the Australian Government to control the media in his country. Mahathir accepted the explanation, and when pressed for a comment, just said "Australian journalists have no manners".

It rankles the mind as to why proper diplomatic channels were not used in bringing up the issue of the cartoon which appeared in THE AGE and DAILY TELEGRAPH-MIRROR. Have bilateral ties between Thailand and Australia sunk to such a low level that Australian journalists now need to be barred from entering the country? What about the special relationship between the two countries that has been touted all along by both Bangkok and Canberra? Has it broken down? What about the Australian investment in Thailand, and Australian contributions to regional peace and cooperation? Don't they matter at all?

We do agree that Australian newspaper editors need to be more sensitive to cultures in the Asia-Pacific region, especially at a time when Canberra has the intention of gravitating towards Asia. This cannot, however, be achieved overnight, especially when media barons like Rupert Murdoch have their own hidden agenda.

But slapping visa curbs on Australian journalists is not the way to go about it. Other avenues should have been explored and the very fact that they were not is a sad indication of the shortsightedness of the Foreign Ministry in an era when Thailand is supposed to be open-minded and democratic.

## Vietnam

### Commentary Hails Le Duc Anh Latin America Tour

*BK1210024495 Hanoi Voice of Vietnam in English 1000 GMT 9 Oct 95*

[FBIS Transcribed Text] Vietnamese President Le Duc Anh has started his visits to Brazil and Cuba. It is his first visit to Brazil, and second to Cuba. Following is our comment:

The visit is to improve Vietnam's goodwill to strengthen friendly relations and cooperation with Brazil and Cuba, as well as with other countries in Latin America. Brazil learns about Vietnam through its victories in the struggle for national defense. Now Vietnam's process of renovation is of interest to Brazil, as Brazil itself has liberalized its economy and pursued an open door foreign policy. As a result, the country's economy has developed with a growth rate of 4 percent per year. To Vietnam, Brazil is known as a nation with an exotic culture, and for its football. The two countries now want to promote bilateral trade ties.

Despite many changes in the world, Vietnamese people's sentiment towards Cuba remains unchanged. The Vietnamese people are always moved whenever they remember the precious assistance from the Cuban people during the struggle for national defense. Therefore, Vietnam respects traditional relations with Cuba, and always tries to strengthen these relations. The Cuba visit by President Le Duc Anh is another vivid manifestation of Vietnam's unswerving policy towards Cuba. Vietnam believes that the visits to Brazil and Cuba by its highest leader will mark a turning point in relations that are promoting economic relations and contributing to peace, stability, cooperation, and development in the world.

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